



THE HERMITAGE CLUB

10 Gatehouse Trail
Wilmington, Vermont 05363

APPRAISAL REPORT

Date of Report: July 11, 2019

Colliers File #: BOS180250

Client File #: 19-000238-01



THE HERMITAGE

Club

AT HAYSTACK MOUNTAIN

PREPARED FOR
Christopher Haddock
Assistant Vice President, Senior Review Appraiser
Dorchester Bank
381 West Main Street
West Winfield, NY 13491

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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July 11, 2019

Christopher Haddock
Assistant Vice President, Senior Review Appraiser
Berkshire Bank
381 West Main Street
West Winfield, NY 13491

RE: The Hermitage Club
10 Gatehouse Trail
Wilmington, Vermont 05363

Colliers File #: BOS180250

Client File #: 19-000238-01

Mr. Haddock:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report satisfies the scope of work and requirements agreed upon by Berkshire Bank and Colliers International Valuation & Advisory Services.

At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a detailed description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop various opinions of market value for the subject assets' real estate, which are summarized below:

1. As-is market value of the base lodge, ski parcel, undeveloped land, remaining eight entitled units of Chamonix Village, The Hermitage Inn, Snow Goose Inn, Doveberry Inn, Horizon Inn, and The Hermitage Golf Club.
2. Leasehold value of the Glebe Land

The following table conveys the final opinion of market values for the subject property that is developed within this appraisal report:

LETTER OF TRANSMITTAL

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HERMITAGE CLUB ASSET	VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Base Lodge	As-Is	Fee Simple	June 27, 2019	\$13,100,000
The Hermitage Inn	As-Is	Fee Simple	June 27, 2019	\$830,000
Snow Goose Inn	As-Is	Fee Simple	June 27, 2019	\$680,000
Doveberry Inn	As-Is	Fee Simple	June 27, 2019	\$380,000
Horizon Inn	As-Is	Fee Simple	June 27, 2019	\$560,000
Golf Club	As-Is	Fee Simple	June 27, 2019	\$1,310,000
Chamonix Village Proposed Units	As-Is	Fee Simple	June 27, 2019	\$930,000
The Hermitage Club Ski Area	As-Is	Fee Simple	June 27, 2019	\$3,960,000
The Hermitage Inn Excess Land	As-Is	Fee Simple	June 27, 2019	\$910,000
Summit Meadows	As-Is	Fee Simple	June 27, 2019	\$90,000
High Country Land	As-Is	Fee Simple	June 27, 2019	\$130,000
Fawn Ridge	As-Is	Fee Simple	June 27, 2019	\$140,000
Glebe Land (Leasehold)	As-Is	Leasehold	June 27, 2019	\$630,000

The above values reflect asset level pricing, and not as a portfolio holding. The valuation of the assets as a portfolio is beyond the scope of this appraisal and our opinions and conclusions would likely be differ from those presented herein if such as holding were considered.

The subject property consists of a portion of the real estate holdings of the Hermitage Inn Real Estate Holding Company, LLC. The subject assets represent the primary components of a private, luxury ski-resort with ancillary services and amenities, a golf course, four lodging properties, partially completed foundation for one of two townhome buildings (eight units total) which have expired entitlements, and undeveloped land commonly known as The Hermitage Club, generally located at or about 10 Gatehouse Trail in Wilmington, Vermont. Portions of the subject property (both improved and undeveloped land) are also located in the neighboring town of Dover, Vermont.

The subject's non-contiguous site area contains 48,539,823 SF (or 1,114.32-Acre). Included in this land area is 252 acres of land (Glebe Land) leased by the subject property owner from the town of Wilmington. This tract is situated at the top of Haystack Mountain and contains the terminus of several chair lifts and start of the ski trails. The current lease expires November 15, 2030 and has been in place since 1977, with several different lessees over the years permitting the operation of a ski resort which is common practice for these assets. The subject sites are summarized in the following table.

THE HERMITAGE CLUB SITES				
NAME	GIS / PARCEL ID	LOCATION	SF	ACRES
Horizon Inn	10-03-030.00	Wilmington	514,008	11.80
The Hermitage Golf Club	HAYSTACK.GLF	Wilmington	6,246,940	143.41
The Hermitage Club Ski Area	HAYSTACK.SKI & HERMITGE.SKI	Wilmington	16,855,542	386.95
Base Lodge	HERMITGEBSL	Wilmington	111,078	2.55
Chamonix Village	HSCHAMON.SKI	Wilmington	534,046	12.26
Summit Meadows	HSSUMMIT.LND & HSS00	Wilmington & Dover	436,036	10.01
The Hermitage Inn	02-01-0003.000, HL005 (Includes: HL002 & HL003) & HL021H	Wilmington & Dover	5,234,213	120.16
Glebe Land (Leasehold)	01-01-C07.000	Wilmington	10,977,120	252.00
High Country Land	HSHIGHICO.LND & HSH00	Wilmington & Dover	689,119	15.82
Doveberry Inn	NV006	Dover	32,670	0.75
Snow Goose Inn	RTC91	Dover	67,082	1.54
Fawn Ridge	HSF00	Dover	720,482	16.54
Haystack Ski Area (Bear Habitat)	HS000	Dover	6,121,487	140.53
TOTAL			48,539,823	1,114.32

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Portions of these subject sites are improved. A summary of these improvements and their location are presented in the following table.

THE HERMITAGE CLUB IMPROVEMENTS					
NAME	ADDRESS	LOCATION	GBA	NRA	ROOMS / UNITS
Horizon Inn	861 Route 9	Wilmington	12,296	12,296	28
The Hermitage Golf Club	70 Spyglass Lane	Wilmington	7,000	7,000	N/A
The Hermitage Club Ski Area	71 Spyglass Lane	Wilmington	-	-	-
Base Lodge	183 Gatehouse Trail	Wilmington	88,813	81,189	N/A
Chamonix Village*	8 & 13 Grenoble Way	Wilmington	27,200	27,200	8
Summit Meadow s	24 Handle Road	Dover	-	-	-
The Hermitage Inn	25 Handle Road	Dover	14,143	14,143	16
Carriage House	25 Handle Road	Dover	1,744	1,744	5
Glebe Land (Leasehold)	Haystack Mountain	Wilmington	-	-	-
High Country Land	Haystack Mountain	Wilmington & Dover	-	-	-
Doveberry Inn	284 Route 100	Dover	6,026	6,026	12
Snow Goose Inn	259 Route 100	Dover	8,035	8,035	13
Fawn Ridge	Haystack Mountain	Dover	-	-	-
Haystack Ski Area (Bear Habitat)	Haystack Mountain	Dover	-	-	-
TOTAL			165,257	157,633	

*Entitlements for eight townhouse units in two four-unit buildings.

As shown above the total Gross Building Area (GBA) for the is 165,257 SF of which 157,633 SF represents the Net Rentable Area (NRA), including the remaining eight townhouse units to be constructed at Chamonix Village. Overall, the resort improvements are in good/excellent condition, whereas the off-resort improvements have varying finishes and conditions. This is discussed in detail later in this report.

As of the date of our inspection the subject's conceptual development for the entire Hermitage Club has not received full approval from either the State of Vermont or the Towns of Wilmington and Dover. Further, the current status of the Act 250 Master Plan submitted by the owner received positive findings for only two criteria (#6 educational services & #7 municipal services) out of a possible 10 main criteria. There are several criteria which have sub-criteria equating to approximately 30 total criteria which **all must have positive findings prior to proceeding with any development**. The partial positive findings were issued in February 2017 and remain in effect for 10 years. Meaning that the two positive findings will not need to be presented or restated until the 10-year period expires while positive findings for the remaining criterion are sought. Discussions with the owner's representative and the district coordinator for the Vermont Natural Resources Board both reported that it took several years for these initial partial findings to be issued. Without positive findings for **all** the Act 250 criteria the owner/developer cannot proceed with any development within the scope of the master plan. Further, approvals for the plan would still need to be achieved at the Town level and construction permits also need to be sought (or submitted concurrently) through both the State and Towns.

The entire club, and all of the company's operations were required to close at the end of March 2018 by the State of Vermont, Department of Taxes for failure to pay more than \$1,000,000 in back sales taxes to the State. It has also been reported that approximately \$800,000 in back sales taxes are owed to the Town of Wilmington. A letter addressed to Jim Barnes, the principal owner of The Hermitage Club, dated March 30, 2018 from the State included the following verbiage is posted on the doors of the Club's Base Lodge front doors:

LETTER OF TRANSMITTAL

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"You shall not conduct any business. This prohibition includes but is not limited to selling memberships, paying employees including security, day care, and maintenance personnel, renting rooms, collecting greens fees, and selling taxable meals."

Since this order, there has been limited maintenance of the subject assets per the direction of a court appointed receiver. It was reported by the owner's representative that the property upkeep has been restricted to walk throughs and minimal maintenance of the buildings occurring two or three times a week, and maintenance of the golf course grounds (mowing, raking, and some watering) only. There has been limited maintenance to the Club's ski equipment, including the chair lifts which require annual upkeep and recertification. **In consideration of the reported limited maintenance being completed at the subject properties and the required standards for operation for ski equipment it is not probable the ski operation will open for the upcoming season. Further, the lack of staff, organizational support, and management as of the date of this does not bode well for the reopening of any of the Club's operations in the near-term.**

Lastly, our research uncovered that our client (Berkshire Bank) has foreclosed on the Club, as payments on a reported amount of over \$19,000,000 had not been paid to Berkshire Bank.

Per our engagement and subsequent communication with the client our analyses contained within this report is representative of the real estate only, without consideration to the financial obligations of the current owner excepting cost to cure physical depreciation at the subject improvements as estimated by the appraisers.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. USPAP defines an Extraordinary Assumption as, "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions". USPAP defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinion of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

Based on our inspection of the subject property, discussions with the owner's representatives, and research completed as part of this appraisal assignment we have made the following extraordinary assumptions:

1. The subject's ski resort will not open for the upcoming season and no operation will commence until the completion of the pending litigation against the club and its current ownership.
2. Membership sales for The Hermitage Club will not commence and any outstanding membership dues will not be paid until the completion of the pending litigation against the club and its current ownership.
3. The Hermitage Inn, Carriage House, Snow Goose Inn, Horizon Inn, and Doveberry Inn will not open until the completion of the pending litigation against the club and its current ownership.
4. The golf course will not open until the completion of the pending litigation against the club and its current ownership.

LETTER OF TRANSMITTAL

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5. The remaining entitlements for the eight townhome units at Chamonix Village (one foundation is partially completed) have lapsed and will require new approvals at the local level with the Town of Wilmington Development Review Board prior to construction. We have made the extraordinary assumption that these units will receive new approvals (not Act 250 dependent) after the reorganization and opening of the Club. The projected completion date is July 1, 2022.

We have also made the extraordinary assumption that no maintenance or improvements will be made to subject property above the level of care currently being directed by the Court Appointed Receiver, until the completion of the pending litigation against the club and its current ownership. Therefore, we have assumed an above average level of physical deterioration as a result of the reduced maintenance levels during the litigation.

If information is made available to us which would significantly alter any of the above extraordinary assumptions, we reserve the right to modify our analysis and any value conclusions herein.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

LETTER OF TRANSMITTAL

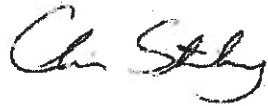
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The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



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CERTIFICATION OF APPRAISAL

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ADDENDA

Liquidation Value

Engagement Letter

Subject Exhibits

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

EXECUTIVE SUMMARY

BOS180250

GENERAL INFORMATION

Property Name	The Hermitage Club
Property Type	Sport & Entertainment - Ski Resort
Address	10 Gatehouse Trail
Town	Wilmington
State	Vermont
Zip Code	05363
County	Windham
Market	Southern Vermont
Submarket	Windham County
Number Of Parcels	18
Assessor Parcels	Various
Total Assessed Value	\$21,700,133
Census Tract Number	9680.00

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	1,114.32	48,539,823
Unusable	0.00	0
Excess	0.00	0
Surplus	0.00	0
Total	1,114.32	48,539,823
Topography	Rolling above street grade	
Shape	Irregular	
Access	Average	
Exposure	Average	
Current Zoning	Various	
Flood Zone	Zone X (Unshaded) & Zone AE	
Seismic Zone	Medium Risk	

IMPROVEMENT INFORMATION

Net Rentable Area (NRA)	157,633 SF
Gross Building Area SF (GBA)	165,257 SF
Total Number Of Buildings	9
Total Number Of Stories	1 - 4
Total Number Of Rooms	69
Total Number Of Golf Course Holes	18
Total Number of Proposed & Approved Residential Units	8
Year Built	Various
Year Renovated	Various
Quality	See Description of Improvements Section
Condition	See Description of Improvements Section
Parking Type	Surface
Number of Parking Spaces	Ample
Dock High Doors (Base Lodge)	1

HIGHEST & BEST USE

As Vacant	Residential Development
As Improved	The Current Improved Uses And The As-Proposed Eight Townhome Units

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	18 to 24 Months
Marketing Period	18 to 24 Months

VALUATION SUMMARY														
HERMITAGE ASSET	BASE LODGE	THE HERMITAGE INN	SNOW GOOSE INN	DOVEBERRY INN	HORIZON INN	GOLF CLUB	CHAMONIX VILLAGE	THE HERMITAGE	CLUB INN AREA	INN EXCESS LAND	SUMMIT MEADOWS	HIGH COUNTRY LAND	FAWN RIDGE	GLIERE LAND (LEASEHOLD)
VALUATION INDICES	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48	AS-48
INTEREST APPRAISED	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE	MARKET VALUE
DATE OF VALUE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	LEASEHOLD
	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019
Discounted Cashflow Method	-	-	-	-	-	-	\$826,000	-	-	-	-	-	-	-
DCF Method	-	-	-	-	-	-	\$116,200/LN	-	-	-	-	-	-	-
Internal Rate of Return (Reversion)	-	-	-	-	-	-	17.50%	-	-	-	-	-	-	-
Income Conclusion	-	-	-	-	-	-	\$200,000	-	-	-	-	-	-	-
Income Conclusion B/L of Comparison	-	-	-	-	-	-	\$116,250/LN	-	-	-	-	-	-	-
SALES CONCLUSION	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Conclusion B/L of Comparison	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COST CONCLUSION	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost Conclusion B/L of Comparison	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FINAL VALUE	\$13,100,000	\$430,000	\$480,000	\$360,000	\$460,000	\$1,310,000	\$930,000	\$3,960,000	\$7,400/Acre	\$910,000	\$90,000	\$130,000	\$140,000	\$230,000
Final Value B/L of Comparison	\$161/SF	\$51.875/Room	\$52.308/Room	\$31.667/Room	\$31.667/Room	\$72.775/Hole	\$116,250/LN	\$7,400/Acre	\$8,000/Acre	\$8,000/Acre	\$8,500/Acre	\$5,500/Acre	\$8,500/Acre	\$2,500/Acre
LAND VALUE	\$3,330,000	-	-	-	-	-	-	\$3,960,000	\$7,400/Acre	\$910,000	\$90,000	\$130,000	\$140,000	\$230,000
Land Value B/L of Comparison	\$30,000/SF	-	-	-	-	-	-	\$7,400/Acre	\$8,000/Acre	\$8,000/Acre	\$8,500/Acre	\$5,500/Acre	\$8,500/Acre	\$2,500/Acre
OTHER CONCLUSIONS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquidation Value	\$5,240,000	\$332,000	\$272,000	\$152,000	\$224,000	\$524,000	\$372,000	\$1,584,000	\$304,000	\$354,000	\$35,000	\$52,000	\$66,000	\$252,000
Liquidation Value B/L of Comparison	\$48/SF	\$20,750/Room	\$20,823/Room	\$12,867/Room	\$8,000/Room	\$29.11/Hole	\$45,500/LN	\$7,500/Acre	\$8,000/Acre	\$8,000/Acre	\$8,500/Acre	\$5,500/Acre	\$8,500/Acre	\$2,500/Acre

EXECUTIVE SUMMARY

BOS180250

PERSONAL INTANGIBLE PROPERTY

Many of the subject assets contain personal property as part of the former ongoing real estate operation. As part of the analysis and valuation of each asset the identified personal property has been separated from the value of the real estate.

For lodging and other service operations FF&E has a typical life of approximately seven years. The following table presents industry standards for FF&E per room by lodging operation service-level.

FF&E Cost New by Property Type	
Property Type	Estimated Cost
Budget Economy	\$5,400-\$17,900
Midscale w/o F&B	\$6,600-\$28,200
Extended-Stay	\$8,300-\$25,800
Midscale with F&B	\$10,900-\$39,200
Full-Service	\$23,200-\$57,900
Luxury and Resort	\$37,900-\$129,300

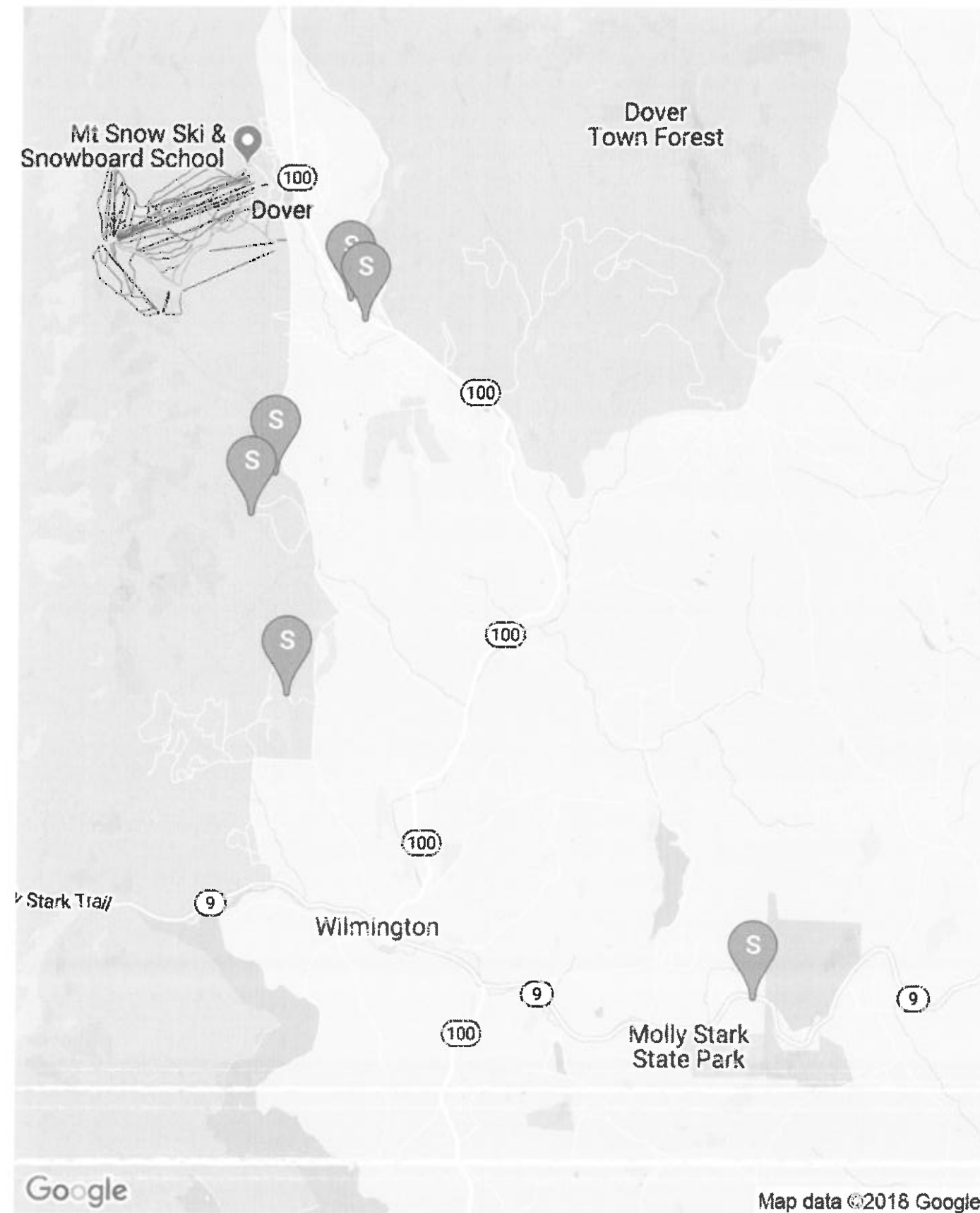
Based on the service level and finishes for the lodging properties at the subject we have projected the below per room FF&E indications. We have also estimated the current age of the FF&E based on condition which is then divided by seven (typical FF&E useful life) to calculate the estimated depreciated personal property. The following table summarizes these items of personal property for each asset.

THE HERMITAGE CLUB PERSONAL PROPERTY			
ASSET	FF&E/ROOM	EST. AGE OF FF&E	DEP. PERSONAL PROPERTY
The Hermitage Inn	\$35,000	3 Years	\$320,000
Snow Goose Inn	\$30,000	3 Years	\$223,000
Doveberry Inn	\$15,300	5 Years	\$51,000
Horizon Inn	\$15,000	6 Years	\$60,000
The Hermitage Golf Club	-	-	\$275,000
TOTAL PERSONAL PROPERTY			\$930,000

The estimated personal property for the subject's golf club was provided a representative of the owner. We have relied upon this estimate in the above table. These items of personal tangible property are included in the opinions of value for each asset.

AERIAL PHOTOGRAPH

BOS180250



SUBJECT PROPERTY PHOTOGRAPHS

BOS180250



VIEW OF BASE LODGE FACING NORTHEAST



VIEW OF CHAMONIX VILLAGE FACING
NORTHEAST



VIEW OF THE HERMITAGE INN FACING
NORTHWEST



VIEW OF CARRIAGE HOUSE FACING
SOUTHEAST



VIEW OF GOLF COURSE CLUBHOUSE FACING
WEST



VIEW OF SNOW GOOSE INN FACING SOUTH

SUBJECT PROPERTY PHOTOGRAPHS

CONTINUED

BOS180250



VIEW OF DOVEBERRY INN FACING NORTHWEST



VIEW OF HORIZON INN FACING SOUTHWEST



VIEW OF LOWER MOUNTAIN CHAIR LIFT



**VIEW OF BARNSTORMER CHAIR LIFT AT THE
MOUNTAIN BASE (NOT SUBJECT COLLATERAL)**



VIEW OF MAINTENANCE BUILDING



**VIEW OF OLD POWDERHORN VILLAGE LOTS
FACING SOUTH**

SUBJECT PROPERTY PHOTOGRAPHS

CONTINUED

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**VIEW OF CHAIR LIFTS FROM MID MOUNTAIN
FACING EAST**



**VIEW OF TAGE LIFT AT THE HERMITAGE INN
FACING WEST**



VIEW OF MIRROR LAKE FACING SOUTHEAST



**ELECTRIC VEHICLE & TESLA CHARGING
STATIONS**



**COVERED BRIDGE ACCESS FROM COLDBROOK
ROAD TO THE HERMITAGE INN**



**THE HERMITAGE CLUB SIGN ALONG
COLDBROOK ROAD**

IDENTIFICATION OF APPRAISAL ASSIGNMENT

BOS180250

PROPERTY IDENTIFICATION

The subject property consists of a portion of the real estate holdings of the Hermitage Inn Real Estate Holding Company, LLC. The subject assets represent the primary components of a private, luxury ski-resort with ancillary services and amenities, a golf course, four lodging properties, entitlements to construct two townhome buildings (eight units total), and undeveloped land commonly known as The Hermitage Club, located at 10 Gatehouse Trail in Wilmington, Vermont. Portions of the subject property (both improved and undeveloped land) are also located in the neighboring town of Dover, Vermont.

The subject’s non-contiguous site area contains 48,539,823 SF (or 1,114.32-Acre). Included in this land area is 252 acres of land (Glebe Land) leased by the subject property owner from the town of Wilmington. This tract is situated at the top of Haystack Mountain and contains the terminus of several chair lifts and start of the ski trails. The current lease expires November 15, 2030 and has been in place since 1977, with several different lessees over the years permitting the operation of a ski resort which is common practice for these assets. The subject sites are summarized in the following table.

THE HERMITAGE CLUB SITES				
NAME	GIS / PARCEL ID	LOCATION	SF	ACRES
Horizon Inn	10-03-030.00	Wilmington	514,008	11.80
The Hermitage Golf Club	HAYSTACK.GLF	Wilmington	6,246,940	143.41
The Hermitage Club Ski Area	HAYSTACK.SKI & HERMITGE.SKI	Wilmington	16,855,542	386.95
Base Lodge	HERMITGE.BSL	Wilmington	111,078	2.55
Chamonix Village	HSCHAMON.SKI	Wilmington	534,046	12.26
Summit Meadow s	HSSUMMIT.LND & HSS00	Wilmington & Dover	436,036	10.01
The Hermitage Inn	02-01-0003.000, HL005 (Includes: HL002 & HL003) & HL021H	Wilmington & Dover	5,234,213	120.16
Glebe Land (Leasehold)	01-01-007.000	Wilmington	10,977,120	252.00
High Country Land	HSHIGHCO.LND & HSH00	Wilmington & Dover	689,119	15.82
Doveberry Inn	NV006	Dover	32,670	0.75
Snow Goose Inn	RT091	Dover	67,082	1.54
Fawn Ridge	HSF00	Dover	720,482	16.54
Haystack Ski Area (Bear Habitat)	HS000	Dover	6,121,487	140.53
TOTAL			48,539,823	1,114.32

Portions of these subject sites are improved. A summary of these improvements and their location are presented in the following table.

IDENTIFICATION OF APPRAISAL ASSIGNMENT

CONTINUED

BOS180250

THE HERMITAGE CLUB IMPROVEMENTS

NAME	ADDRESS	LOCATION	GBA	NRA	ROOMS / UNITS
Horizon Inn	861 Route 9	Wilmington	12,296	12,296	28
The Hermitage Golf Club	70 Spyglass Lane	Wilmington	7,000	7,000	N/A
The Hermitage Club Ski Area	71 Spyglass Lane	Wilmington	-	-	-
Base Lodge	183 Gatehouse Trail	Wilmington	88,813	81,189	N/A
Chamonix Village*	8 & 13 Grenoble Way	Wilmington	27,200	27,200	8
Summit Meadows	24 Handle Road	Dover	-	-	-
The Hermitage Inn	25 Handle Road	Dover	14,143	14,143	16
Carriage House	25 Handle Road	Dover	1,744	1,744	5
Glebe Land (Leasehold)	Haystack Mountain	Wilmington	-	-	-
High Country Land	Haystack Mountain	Wilmington & Dover	-	-	-
Doveberry Inn	284 Route 100	Dover	6,026	6,026	12
Snow Goose Inn	259 Route 100	Dover	8,035	8,035	13
Fawn Ridge	Haystack Mountain	Dover	-	-	-
Haystack Ski Area (Bear Habitat)	Haystack Mountain	Dover	-	-	-
TOTAL			165,257	157,633	

*Entitlements for eight townhouse units in two four-unit buildings.

As shown above the total Gross Building Area (GBA) for the is 165,257 SF of which 157,633 SF represents the Net Rentable Area (NRA), including the remaining eight townhouse units to be constructed at Chamonix Village. Overall, the resort improvements are in good/excellent condition, whereas the off-resort improvements have varying finishes and conditions. This is discussed in detail later in this report.

As of the date of our inspection the subject's conceptual development for the entire Hermitage Club has not received full approval from either the State of Vermont or the towns of Wilmington and Dover. Further, the current status of the Act 250 Master Plan submitted by the owner received positive findings for only two criteria (#6 educational services & #7 municipal services) out of a possible 10 main criteria. There are several criteria which have sub-criteria equating to approximately 30 total criteria which **all must have positive findings prior to proceeding with any development**. The partial positive findings were issued in February 2017 and remain in effect for 10 years. Meaning that the two positive findings will not need to be presented or restated until the 10-year period expires while positive findings for the remaining criterion are sought. Discussions with the owner's representative and the district coordinator for the Vermont Natural Resources Board both reported that it took several years for these initial partial findings to be issued. Without positive findings for **all** the Act 250 criteria the owner/developer cannot proceed with any development within the scope of the master plan. Further, approvals for the plan would still need to be achieved at the town level and construction permits also need to be sought (or submitted concurrently) through both the State and towns.

The entire club, and all of the company's operations were required to close at the end of March 2018 by the State of Vermont, Department of Taxes for failure to pay more than \$1,000,000 in back sales taxes to the State. It has also been reported that approximately \$800,000 in back sales taxes are owed to the Town of Wilmington. A letter addressed to Jim Barnes, the principal owner of The Hermitage Club, dated March 30, 2018 from the State included the following verbiage is posted on the doors of the Club's Base Lodge front doors:

"You shall not conduct any business. This prohibition includes but is not limited to selling memberships, paying employees including security, day care, and maintenance personnel, renting rooms, collecting greens fees, and selling taxable meals."

IDENTIFICATION OF APPRAISAL ASSIGNMENT

CONTINUED

BOS180250

Since this order, there **has** been limited maintenance of the subject **assets** per the direction of a court appointed receiver. It was reported by the owner's representative that the property upkeep has been restricted to walk throughs and minimal maintenance of the buildings occurring two or three times a week, and maintenance of the golf course grounds (mowing, raking, and some watering) only. There has been limited maintenance to the Club's ski equipment, including the chair lifts which require annual upkeep and recertification. **In consideration of the reported limited maintenance being completed at the subject properties and the required standards for operation for ski equipment it is not probable the ski operation will open for the upcoming season. Further, the lack of staff, organizational support, and management as of the date of this does not bode well for the reopening of any of the Club's operations in the near-term.**

Lastly, our research uncovered that our client (Berkshire Bank) has foreclosed on the Club, as payments on a reported amount of over \$19,000,000 had not been paid to Berkshire Bank.

Per our engagement and subsequent communication with the client our analyses contained within this report is representative of the real estate only, without consideration to the financial obligations of the current owner excepting cost to cure physical depreciation at the subject improvements as estimated by the appraisers.

Please see the Site Description section of this report for a list of the subject's parcel numbers.

A detailed legal description was not provided.

CLIENT IDENTIFICATION

The client of this specific assignment is Berkshire Bank.

PURPOSE

The purpose of this appraisal is to develop various opinions of value for the subject **assets**, which are summarized below:

1. As-Is Market Value of the base lodge, ski parcel, undeveloped land, remaining eight entitled units of Chamonix Village, The Hermitage Inn, Snow Goose Inn, Doveberry Inn, Horizon Inn, and The Hermitage Golf Club.
2. Leasehold value of the Glebe Land

INTENDED USE

The intended use of this appraisal is to assist the client with a potential foreclosure proceeding.

INTENDED USERS

The intended users of this report are Berkshire Bank and-or affiliates. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	July 11, 2019
Date of Inspection	June 27, 2019
Valuation Date - As-Is	June 27, 2019

IDENTIFICATION OF APPRAISAL ASSIGNMENT

CONTINUED

BOS180250

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of The Hermitage Inn Real Estate Holding Company, LLC. The properties that comprise the subject of this report have been acquired at various times. The acquisitions that we were able to confirm are as follows: The Hermitage Inn was acquired in 2007 (\$1,650,000), the ski mountain operation and acreage were acquired in 2011 (approximately \$6,000,000), the golf course was acquired in October 2011 (\$500,000), the Horizon Inn was acquired January 2015 (\$545,000), the Doveberry Inn was acquired in early 2015 (undisclosed), and the Snow Goose Inn was acquired in June 2015 (\$375,000).

Many of these assets underwent significant renovation after acquisition to provide a uniform experience for members of The Hermitage Club and have been maintained at a similar level to date. The Doveberry Inn and Horizon Inn were utilized for employee housing, and reportedly did not receive any significant capital improvement after acquisition with maintenance levels commensurate with the intended use as employee housing.

Three-Year Sales History

The subject has not sold in the last three years.

Subject Sale Status

The subject is not currently listed for sale.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the following definition of value is applicable:

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

¹ Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

IDENTIFICATION OF APPRAISAL ASSIGNMENT

CONTINUED

BOS180250

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.²

Leasehold Interest (Glebe Lot Only)

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.³

VALUE SCENARIOS

As-Is Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.⁴

² The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

³ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

⁴ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

SCOPE OF WORK

BOS130250

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- › The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- › The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- › The appraisers completed market analyses for the various subject property operations. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- › The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- › The appraisers confirmed and analyzed financial features of the subject property including historical and budgeted income/expense data, lease documents, development plans and approvals, and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- › Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. As a result, this appraisal developed the Sales Comparison and Cost approaches to value. The resulting value indicators were reconciled within the Analysis of Value Conclusions section. The appraisal develops the following opinions of value for the subject assets:
 1. As-is market value of the base lodge, ski parcel, undeveloped land, remaining eight entitled units of Chamonix Village, The Hermitage Inn, Snow Goose Inn, Doveberry Inn, Horizon Inn, and The Hermitage Golf Club.
 2. Leasehold value of the Glebe Land

The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.

- › Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are fully described within this document.

SCOPE OF WORK

CONTINUED

BOS190250

- › We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- › No one provided significant real property appraisal assistance to the appraisers signing the certification.

SOURCES OF INFORMATION

We requested several pieces of information including legal descriptions, deeds, detailed income and expense statements, land plans, building plans, operating pro forma, and other development information. It was disclosed to us that no information was available as the Club had not been in operation for over year and no plans to reopen were currently being sought. We have relied upon our conversations with Club Representatives and the Court Appointed Receiver for pertinent property information incorporated in this report. Further, it was reported that much of the information was unavailable to the owner's representatives for either lack of payment to various vendors or the reduced staffing levels to aid in providing these documents.

During our analysis and market research we contacted several local and state authorities to gather as much information as possible to aid in our analysis of the subject. The key components uncovered or made available to us are presented in the following table:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Wilmington & Dover Lister Offices
Zoning Information	Wilmington & Dover Zoning Ordinances
Site Size Information	Plats of Survey (Accessed from Public Record)
Building Size Information	Provided by the Owner
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	None provided
Act 250 Status	Stephanie Gile, District 2 Coordinator - State of Vermont Natural Resources Board
Operational Information	Not applicable as there are no club operations as of the date of this report.
Local Approval Status	Craig Ohlson, Zoning Administrator, Town of Wilmington
Other	Michael Galardi, Senior Consultant, Corporate Finance & Real Estate Restructuring for FTI Consulting
Other	Andy McLean, Town Clerk, Town of Dover
Other	Jeannette Eckert, Assistant Clerk, Town of Dover
Other	Patricia Johnson, Assistant Clerk, Town of Wilmington
Other	Debbie Kingsley, Administrator, Town of Wilmington Lister's Office
Other	Lynn Bucossi, Property Contact, The Hermitage Club
Other	Aaron Sherritt, Property Contact, The Hermitage Club

SUBJECT PROPERTY INSPECTION

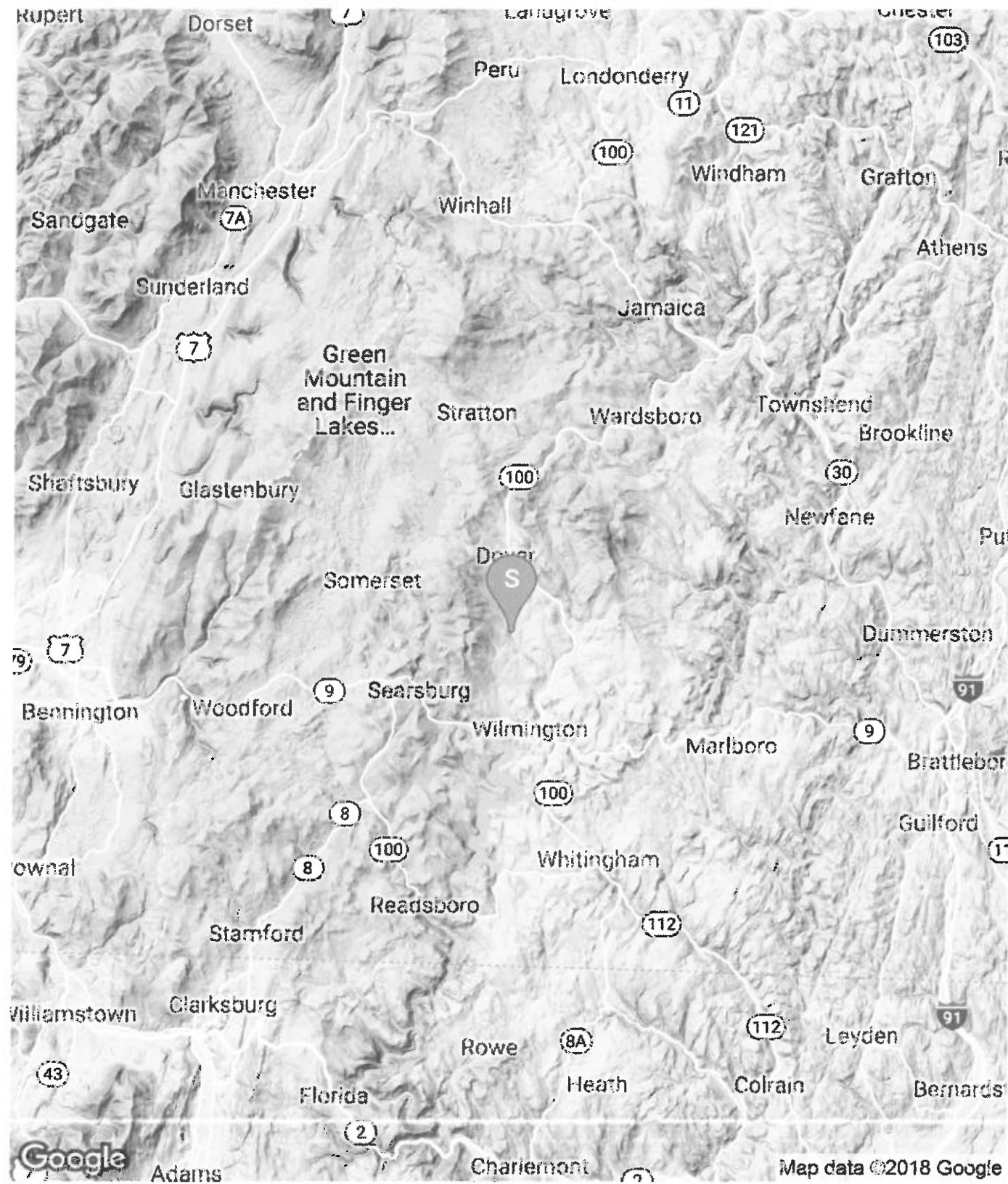
The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Corey Gustafson, MAI	No	-	-
Chris Stickney, MAI	Yes	Interior/Exterior	June 27, 2019

During the site tours the summit cabin (leasehold improvements located on the Glebe Land) were not toured.

REGIONAL MAP

BOS180256

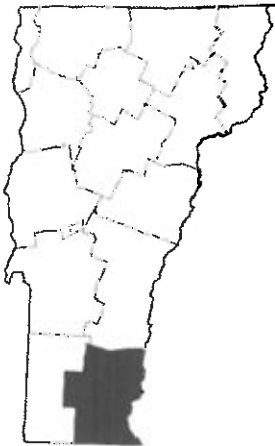


REGIONAL ANALYSIS

BOS180250

INTRODUCTION

Windham County is located in the south portion of the state. The county is comprised of 23 towns and 31 villages. Its largest town is Brattleboro with a population of 11,765, according to the U.S. Census Bureau's 2014 estimate. The county includes several reservoirs such as Ball Mountain Lakes, Harriman Reservoir and Townshend Lake. Green Mountain National Forest and Silvio O. Conte National Fish and Wildlife Refuge are two nationally protected areas that also form part of the county. Windham County is served by Interstate 91 with six interchanges within the county and U.S. Route 5. Amtrak also serves the region with its Vermonter operations running daily from St. Albans, Vermont to Washington DC through Bellows Falls and Battleboro.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, Windham County had a 2018 total population of 42,651 and experienced an annual growth rate of -0.5%, which was lower than the Vermont annual growth rate of 0.0%. The county accounted for 6.8% of the total Vermont population (623,257). Within the county the population density was 54 people per square mile compared to the higher Vermont population density of 65 people per square mile and the higher United States population density of 91 people per square mile.

POPULATION			
YEAR	US	VT	COUNTY
2010 Total Population	308,745,538	625,741	44,513
2018 Total Population	328,062,672	623,257	42,651
2023 Total Population	339,788,898	621,274	41,518
2010 - 2018 CAGR	0.8%	(0.0%)	(0.5%)
2018 - 2023 CAGR	0.7%	(0.1%)	(0.5%)

Source: Pitney Bowes/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	VT	COUNTY
2018 Per Square Mile	91	65	54
2023 Per Square Mile	94	65	54

Source: Pitney Bowes/Gadberry Group - GroundView®

REGIONAL ANALYSIS

CONTINUED

BOS180250

The 2018 median age for the county was 46.57, which was 19.81% older than the United States median age of 37.35 for 2018. The median age in the county is anticipated to grow by 0.28% annually, increasing the median age to 47.23 by 2023.

MEDIAN AGE			
YEAR	US	VT	COUNTY
2018	37.35	42.50	46.57
2023	38.09	42.98	47.23
CAGR	0.39%	0.22%	0.28%

Source: Pitney Bowes/Gadberry Group - GroundView ®

Education

Windham County is home to a few higher education institutions. Marlboro College is a small, private, liberal arts college in Marlboro, Vermont. The college has an enrollment of 170 students and has 41 staff and faculty. The college received high academic ratings from The Princeton Review in 2014. Marlboro College is characterized by its individualized course of study where students pursue a self-designed thesis, based on their academic interests. Landmark College is a private college located in Putney. The college offers two and four-year programs and is fully accredited by the New England Association of Schools and Colleges. The college serves students who have a diagnosed learning disability and other learning difficulties.

Household Trends

The 2018 number of households in the county was 19,398. The number of households in the county is projected to grow by 0.1% annually, increasing the number of households to 19,458 by 2023. The 2018 average household size for the county was 2.12, which was -18.50% smaller than the United States average household size of 2.6 for 2018. The average household size in the county is anticipated to retract by 0.63% annually, reducing the average household size to 2.05 by 2023.

NUMBER OF HOUSEHOLDS			
YEAR	US	VT	COUNTY
2018	122,929,625	261,288	19,398
2023	126,604,011	263,898	19,458
CAGR	0.6%	0.2%	0.1%

Source: Pitney Bowes/Gadberry Group - GroundView ®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	VT	COUNTY
2018	2.60	2.29	2.12
2023	2.62	2.26	2.05
CAGR	0.13%	(0.26%)	(0.63%)

Source: Pitney Bowes/Gadberry Group - GroundView ®

Windham County had 31.96% renter occupied units, compared to the lower 29.20% in Vermont and the higher 34.89% in the United States.

HOUSING UNITS			
	US	VT	COUNTY
Owner Occupied	65.11%	70.80%	68.04%
Renter Occupied	34.89%	29.20%	31.96%

Source: Pitney Bowes/Gadberry Group - GroundView ®

The 2018 median household income for the county was \$52,105, which was -11.4% lower than the United States median household income of \$58,828. The median household income for the county is projected to grow by 3.1% annually, increasing the median household income to \$60,555 by 2023.

REGIONAL ANALYSIS

CONTINUED

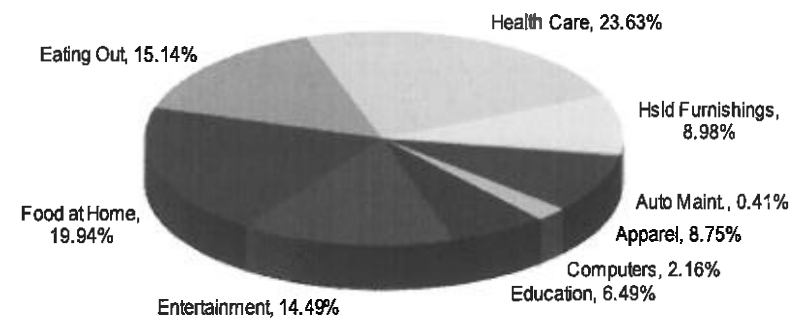
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According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the county's cost of living is 104 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

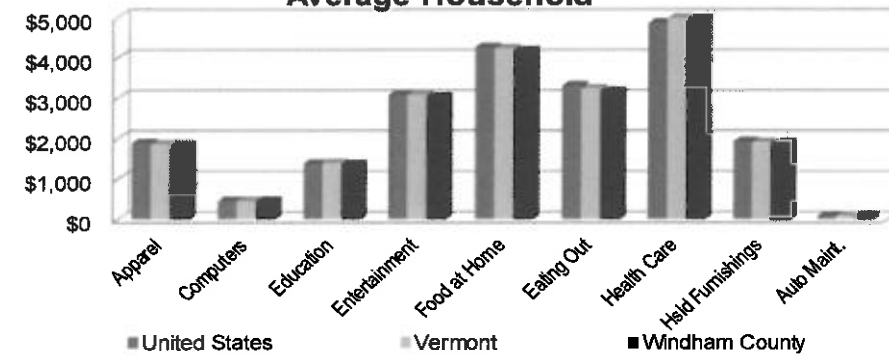
MEDIAN HOUSEHOLD INCOME			
YEAR	US	VT	COUNTY
2018	\$58,828	\$60,145	\$52,105
2023	\$70,600	\$71,400	\$60,555
CAGR	3.7%	3.5%	3.1%

Source: Fitney Bowes/Gadberry Group - GroundView®

Consumer Spending Windham County



**Consumer Spending Comparison
Average Household**



REGIONAL ANALYSIS

CONTINUED

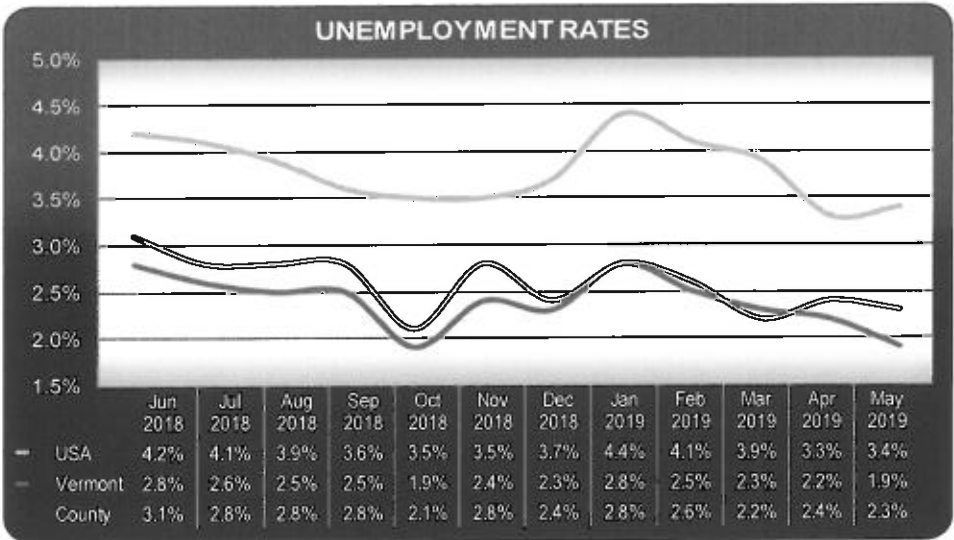
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EMPLOYMENT

Total employment has increased annually over the past decade in the state of Vermont by 0.0% and decreased annually by 0.8% in the county. From 2017 to 2018 unemployment decreased in Vermont by 0.3% and decreased by 0.2% in the county. In the state of Vermont unemployment has decreased over the previous month by 0.3% and decreased by 0.1% in the county.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2009 - 2018							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Vermont		Windham County, VT			United States*	Vermont	Windham County, VT
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2009	336,104	(0.6%)	23,672	(0.1%)	9.3%	6.6%	6.3%
2010	337,488	0.4%	23,873	0.8%	9.6%	6.1%	6.1%
2011	338,463	0.3%	23,580	(1.2%)	8.9%	5.5%	5.6%
2012	337,284	(0.3%)	23,393	(0.8%)	8.1%	5.0%	5.2%
2013	334,964	(0.7%)	22,966	(1.8%)	7.4%	4.4%	4.7%
2014	333,383	(0.5%)	22,555	(1.8%)	6.2%	3.9%	4.1%
2015	332,354	(0.3%)	22,615	0.3%	5.3%	3.6%	3.6%
2016	333,646	0.4%	22,451	(0.7%)	4.9%	3.2%	3.3%
2017	335,855	0.7%	22,150	(1.3%)	4.4%	3.0%	3.1%
2018	336,838	0.3%	21,997	(0.7%)	3.9%	2.7%	2.9%
CAGR	0.0%	-	(0.8%)	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



The preceding chart compares unemployment trends in Windham County, Vermont and the U.S. Overall levels of unemployment in the county experienced minor fluctuations throughout 2016. Currently local employment trends in Vermont remain below the national average, while the county is above the State average but still well below the national average. Overall, the market has maintained strong employment levels.

REGIONAL ANALYSIS

CONTINUED

BOS180250

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
IBM	5,300	Software
Fletcher Allen Health Care	4,835	Healthcare
University of Vermont	3,777	Education
Shaw's Supermarkets Inc	1,600	Retail
Rutland Regional Medical Center	1,300	Healthcare
Middlebury College	1,217	Education
Chittenden Bank	1,202	Financial
C & S Wholesale Grocers Inc	1,200	Retail
Central Vermont Medical Center	1,200	Healthcare
GE Aircraft Engines - Rutland Operation	1,200	Aerospace

Source: <http://nextupvt.com/>

The preceding chart depicts the top employers in the state of Vermont. International Business Machines Corporation (IBM) is the world's largest IT and consulting company. The facility near Burlington, Vermont is the states' largest employer and one of the world's largest producers of semiconductor technology. The University of Vermont Medical Center is the second largest employer with 4,835 medical, faculty and administrative staff. It is affiliated with the University of Vermont, College of Medicine and the University of Vermont, College of Nursing and Health Sciences. It serves as both a regional referral center, providing advanced care to approximately one million people in Vermont and northern New York and a community hospital, for approximately 160,000 residents in the Chittenden and Grand Isle Vermont counties. University of Vermont is the third largest employer in the state with 3,777 academic and administrative staff. UVM is ranked tied for 96th in U.S. News & World Report's 2019 national university rankings, and is ranked tied for 42nd among public universities.

AIRPORT STATISTICS

The following chart summarizes the local airport statistics.

ALBANY INTERNATIONAL AIRPORT (ALB)		
YEAR	ENPLANED PASSENGERS	% CHG
2007	1,423,754	-
2008	1,365,854	(4.1%)
2009	1,302,814	(4.6%)
2010	1,250,282	(4.0%)
2011	1,216,626	(2.7%)
2012	1,222,354	0.5%
2013	1,196,532	(2.1%)
2014	1,210,825	1.2%
2015	1,276,743	5.4%
2016	1,388,860	8.8%
2017	1,393,666	0.3%

Source: U.S. Department of Transportation

REGIONAL ANALYSIS

CONTINUED

BOS180250

ACT 250

History

Act 250 is Vermont's development and control law, established in 1970. The law provides a public, quasi-judicial process for reviewing and managing the environmental, social and fiscal consequences of major subdivisions and development in Vermont through the issuance of land use permits. The Governor appoints citizens to the nine District Commissions and the Natural Resources Board. The district commissions are responsible for the review of land use permit applications for conformance with the Act's ten environmental criteria, issuance of opinions concerning the applicability of Act 250 to developments and subdivisions, monitoring for compliance with the Act and with land use permit conditions, and public education.



Permitting Requirements

Act 250 permits are required for the following:

1. Construction for commercial or industrial purposes on more than 10 acres (except for farming or forestry); or on more than one acre, if the municipality does not have both permanent zoning and subdivision bylaws.
2. The construction of 10 or more housing units, including mobile-home parks, within 5 years
3. The subdivision of land into six or more lots, within 5 years, in a town that does not have both permanent zoning and subdivision regulations.
4. The subdivision of land into 10 or more lots of any size within 5 years.
5. Construction that would substantially change or expand a pre-1970 development that would require a permit if built today.
6. Construction for a governmental purpose which disturbs more than 10 acres or is part of a larger project that will involve more than 10 acres of land.
7. Construction of a support structure, 50 feet tall or higher, primarily for communication or broadcast purposes.
8. Construction, including forestry or farming, above 2,500 feet in elevation.
9. Exploration for, or extraction or processing of, fissionable source materials.
10. Drilling of any oil or gas well.
11. The sale, by public auction, of any interest in a tract or tracts of land divided for the purpose of resale into five or more lots within a radius of five miles within any continuous period of ten years.

Development Standards Criteria

Act 250 applicants need to supply sufficient information for the District Commission to make findings on the 10 main environmental criteria. It should also be noted that there are several sub-criteria within many of the 10 main criteria, which equate to approximately 30 total criteria of which **all must have positive findings** prior to proceeding with any development. Certifications and/or approvals from other agencies and departments, utilities, regional planning commissions and local government may be necessary prior to the issuance of positive findings for a particular criterion. A summary of the criteria is presented in the following table:

REGIONAL ANALYSIS

CONTINUEDBOS180250

ACT 250 CRITERIA			
#	CRITERION	#	CRITERION
1	Pollution	7	Municipal Services
1	Air	8	Aesthetics, Scenic, and Natural Beauty
1	Water	A	Necessary Wildlife Habitat
A	Headwaters	9*	
B	Waste Disposal	A	Impact of Growth
C	Water Conservation	B	Primary Agricultural Soils
D	Floodways	C	Productive Forest Soils
E	Streams	D	Earth Resources
F	Shorelines	E	Extraction of Earth Resources
G	Wetlands	F	Energy Conservation
2	Water Supply	G	Private Utility Services
3	Impact on Water Supply	H	Costs of Scattered Development
4	Soil Erosion and Drainage	J	Public Utility Services
5	Transportation	K	Public Investments
A	Traffic	L	Settlement Patterns
B	Transportation	10	Local and Regional Plans
6	Education Services		

*There is no official name or sub-criterion "I" for item nine.

Although the approval process can be rigorous approximately 450 applications are submitted each year, with about 98% being approved (most with conditions, to ensure that the proposed projects meet the criteria). Further, more than 80% of Act 250 permit applications are treated as “minors” — where no hearing is held unless requested by a state agency, municipality, or interested person who may be impacted by the proposed project. Approximately two-thirds of Act 250 permits are issued in less than 60 days. More complex projects may take longer.

Looking Forward

The Vermont Legislature is looking to build on the success of Act 250, by better aligning it with current planning and regulatory processes. In mid-2017, Act 47 established The Commission on Act 250: the Next 50 Years charged with “engag(ing) Vermonters on their priorities for the future of the Vermont landscape, including how to maintain Vermont’s environment and sense of place, and address relevant issues that have emerged since 1970.” The commission will consist of lawmakers, advised by relevant administration officials and a group of “Act 250 advisers” appointed by legislative leaders. They are tasked with answering over a dozen questions about how Act 250 might be modernized to better address the many challenges facing Vermont’s environment and communities today, and to draft specific recommendations for improving it.

Summary

Act 250 will continue to be an obstacle toward future larger scale development in Vermont. However, the post-recession growth across the state indicates that positive outlooks remain, and the requirements of this legislative act are not overly encumbering.

REGIONAL SUMMARY

Overall, condition and economic stability in Windham County is average. The county has shown minimal employment growth, the unemployment rate has already reached pre-2009 levels and is at an all-time low for the past 10 years. The county is about to benefit from a new grant program offered by Vermont Yankee and is expected to develop renewable energy projects in the region. The Vermont Clean Energy Development Fund has given \$400,000 to the Brattleboro-based Windham Regional Commission to develop the program.

LOCAL AREA MAP

BOS130250



LOCAL AREA ANALYSIS

BOS180250

INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

LOCAL AREA PROFILE

The subject property is located in Wilmington and Dover part of the Deerfield Valley area of Vermont. The area is generally rural in nature situated within the Green Mountains, which are part of the larger Appalachian Mountains.

The primary economic driver in the local area is the Mt. Snow ski area, as well as tourist and leisure demand centers throughout the year. Described as a “bedroom community” the significant employment centers are in Brattleboro and Bennington, with the local employment opportunities tied more to the tourism industry. Overall, the tourism industry sees the largest segment of tourism dollars spent between July and August statewide. This sentiment consistent is with the sentiment of the local Deerfield Valley Chamber of Commerce.

The area is accessible vial State Routes 100 and 9, with the nearest interstate highway being approximately 20 miles east (I-91). The area is also home to smaller municipal and privately-owned airstrips providing access to smaller Cessna and personal jets. Larger airports in the area include Albany, NY; South Burlington, VT; Manchester, NH; and Rutland, VT.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by Pitney Bowes/Gadberry Group - GroundView®, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodologies, are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

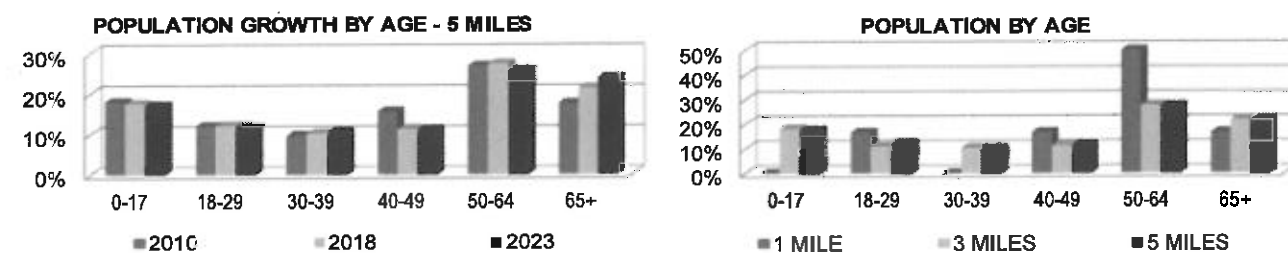
LOCAL AREA ANALYSIS

CONTINUED

BOS180250

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	10	1,191	3,162	2018	\$100,901	\$75,350	\$70,973
2010 Population	8	892	2,596	2023	\$119,083	\$90,856	\$87,184
2018 Population	7	862	2,498	Change 2018-2023	18.02%	20.58%	22.84%
2023 Population	7	834	2,415	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	(20.00%)	(25.10%)	(17.90%)	2018	\$0	\$50,799	\$49,238
Change 2010-2018	(12.50%)	(3.36%)	(3.78%)	2023	\$0	\$57,380	\$57,341
Change 2018-2023	0.00%	(3.25%)	(3.32%)	Change 2018-2023	-	12.95%	16.46%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	1	159	457	2018	\$50,450	\$36,526	\$34,802
2018 Population	1	187	532	2023	\$59,541	\$45,534	\$44,172
2023 Population	1	200	576	Change 2018-2023	18.02%	24.66%	26.92%
Change 2010-2018	0.00%	17.61%	16.41%	2018 HOUSEHOLDS BY INCOME			
Change 2018-2023	0.00%	6.95%	8.27%	<\$15,000	0.0%	11.9%	13.2%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	0.0%	7.7%	8.9%
2000 Households	3	542	1,404	\$25,000-\$34,999	0.0%	13.1%	13.3%
2010 Households	2	428	1,217	\$35,000-\$49,999	0.0%	16.3%	15.4%
2018 Households	2	429	1,220	\$50,000-\$74,999	0.0%	17.9%	20.0%
2023 Households	2	429	1,219	\$75,000-\$99,999	0.0%	14.9%	13.9%
Change 2000-2010	(33.33%)	(21.03%)	(13.32%)	\$100,000-\$149,999	0.0%	9.1%	6.8%
Change 2010-2018	0.00%	0.23%	0.25%	\$150,000-\$199,999	0.0%	2.3%	2.8%
Change 2018-2023	0.00%	0.00%	(0.08%)	\$200,000 or greater	0.0%	6.5%	5.7%
HOUSING UNITS (2018)				MEDIAN HOME VALUE	\$275,000	\$242,222	\$239,348
Owner Occupied	2	332	846	AVERAGE HOME VALUE	\$343,980	\$284,158	\$292,816
Renter Occupied	1	133	409	HOUSING UNITS BY UNITS IN STRUCTURE			
HOUSING UNITS BY YEAR BUILT				1, detached	2	343	886
Built 2010 or later	0	4	10	1, attached	0	35	61
Built 2000 to 2009	0	16	58	2	0	26	79
Built 1990 to 1999	0	58	125	3 or 4	0	25	103
Built 1980 to 1989	0	98	245	5 to 9	0	3	15
Built 1970 to 1979	0	85	213	10 to 19	0	3	4
Built 1960 to 1969	0	62	165	20 to 49	0	5	36
Built 1950 to 1959	0	23	62	50 or more	0	1	6
Built 1940 to 1949	0	9	66	Mobile home	0	23	66
Built 1939 or earlier	0	73	275	Boat, RV, van, etc.	0	0	0

Source: Pitney Bowes/Gadberry Group - GroundView®



Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES			
HIGHWAY	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
I-91	north-south	Interstate Highway	This is approximately 20 miles of the subject property.
Route 9	east-west	Local Highway	This is within 5 miles of the subject property.
Route 100	north-south	Local Highway	This is within 3 miles of the subject property.
SURFACE STREETS	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
Coldbrook Road	southeast-northwest	Secondary Arterial	The subject property fronts this street.

LOCAL AREA ANALYSIS

CONTINUED

BOS190250

Public Transportation is not available near the subject property. Interstates 89, 91, and Vermont Route 100, provide direct access to the mountains and villages. Residents and visitors to central and southern resorts can easily fly to Albany, Boston, Hartford, Manchester, NH and Rutland, VT.

Economic Factors

The local economy is driven primarily by the tourism and retail sectors. Vermont recorded its best season ever with 4.7 million skier days in 2014-2015 (ahead of California and second best in the nation to Colorado) to 3.2 million skier days in 2015-2016. Vermont skier visits finished the 2017 season at nearly 4 million, well over the previous season's disappointment caused by poor weather conditions. A skier day is one person skiing for one day and is a standard measurement of business in the industry. Uneven weather throughout the 2017-2018 season slowed growth, but according to Ski Vermont, the state managed 3.97 million skier days, a 1.2% increase from the previous season. The 2018-2019 season achieved continued improvement with an approximately 5% growth over the previous year resulting in approximately 4.2 million skier days. This was the most skiers since the 2014-2015 season and 1.2% higher than the 10-year average.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, police stations, and schools (all ages). GreatSchools.org is an on-line tool that rates every school district on a scale of one to ten based on test scores. The chart details the subject's school district's rating, test scores, and graduation rate. It also compares the subject's rating to other area schools and the subject's graduation rate to state and national averages.

HIGH SCHOOLS							
HIGH SCHOOLS	GREATSCHOOLS RATING	PARENT RATING	SCHOOL TYPE	GRADES SERVED	DISTANCE FROM SBJ.	CITY LOCATION	TOTAL ENROLLMENT
Mount Snow Academy	-	-	private	5-12	3.34 miles	Dover	30
Twin Valley High School	5	3	public	9-12	3.91 miles	Wilmington	139
Kindle Farms Childrens Services	-	-	private	4-12	12.48 miles	New fane	31
Stratton Mountain School	-	5	private	7-12	12.82 miles	Stratton Mountain	122
Valley Ridge Student Center	-	-	private	n/a	13.20 miles	Jamaica	-
Leland & Gray Uhsd #34	5	4	public	7-12	14.11 miles	Townshend	315

Source: GreatSchools.org

LOCAL AREA ANALYSIS

CONTINUED

BOS180250

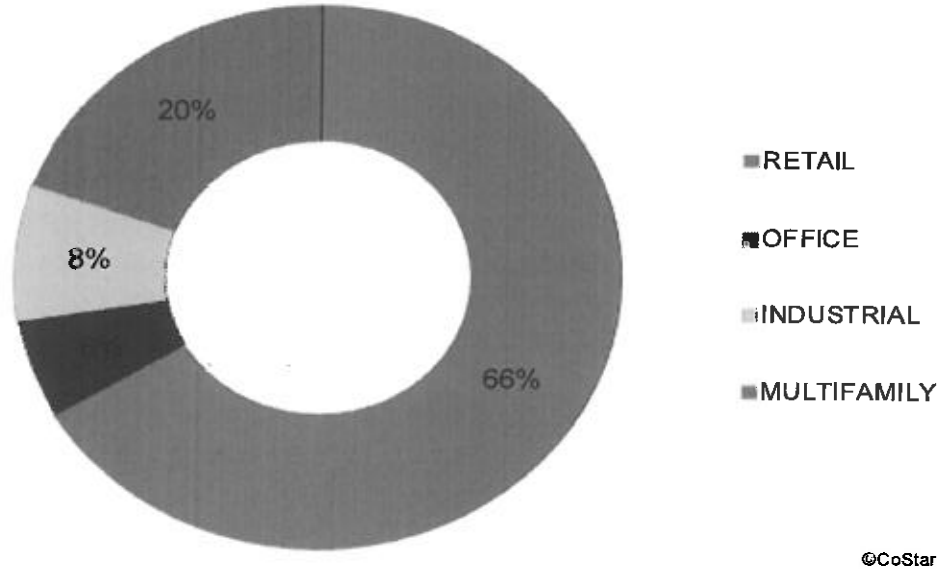
IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

Predominant Land Uses

Significant development in the immediate area consists of ski related uses (retail), downtown storefront retail spaces some with upper-level office or residential uses, and single-family (detached, semi-detached, and attached) family residential development. The local area has a mix of commercial uses nearby and the composition is shown in the following graph.

COMMERCIAL AREA COMPOSITION



LOCAL AREA ANALYSIS

CONTINUED

BOS180250

Multifamily Development

The following chart shows a summary of multifamily data by type in the immediate area from CoStar.

MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	0	0	
B	1	2,800	
C	7	75,414	1930
TOTAL	8	78,214	1689

Source: CoStar

There is a dearth of multifamily complexes in the immediate area. The larger multifamily developments uncovered in a 10-mile radius of the subject are State run affordable or age-restricted housing communities. The following chart and map show the subject property and the 10 largest multi-family properties in the immediate area from CoStar.

LARGEST MULTIFAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
Butterfield Common Apartments	2.6 Miles	A	C	28,056	2	-
Multifamily Building	4.1 Miles	B	C	15,360	0	-
Butterfield Townhomes	2.3 Miles	C	C	11,766	2	-
Sadagwaha Springs	9.1 Miles	D	C	7,000	3	-
Multifamily Building	3.8 Miles	E	C	6,060	4	1850
Turkwood Apartments	6.2 Miles	F	C	4,472	3	1980
Old Grange Hall	3.7 Miles	G	B	2,800	0	-
Multifamily Building	3.7 Miles	H	C	2,700	3	1960

Source: CoStar



LOCAL AREA ANALYSIS

CONTINUED

BOS180250

Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	45	266,074	1918	97.8	-
TOTAL	45	266,074	1918	97.8	\$0.00

Source: CoStar

Most of the retail properties are along Main Street in Wilmington and Route 100 in Dover. The largest retail development in the area is the Shaw's Plaza located east of downtown Wilmington along Route 9 (East Main Street). This plaza consists of Shaw's supermarket, a bank branch, and a restaurant. The following chart and map show the subject property and the 10 largest retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Shaw's	4.2 Miles	A	General Retail	27,000	100.0	-	N/Av
Retail Building	3.3 Miles	B	General Retail	19,360	100.0	1890	N/Av
Retail Building	2.6 Miles	C	General Retail	15,825	100.0	-	N/Av
Retail Building	4.2 Miles	D	General Retail	14,673	100.0	2009	N/Av
Retail Building	9.2 Miles	E	General Retail	12,802	100.0	-	N/Av
Retail Building	2.6 Miles	F	General Retail	9,800	100.0	1850	N/Av
NAPA Auto Parts	2.7 Miles	G	General Retail	9,256	100.0	-	N/Av
Family Dollar	4.0 Miles	H	General Retail	8,951	100.0	-	N/Av
Retail Building	2.4 Miles	I	General Retail	8,800	100.0	1951	N/Av

Source: CoStar



LOCAL AREA ANALYSIS

CONTINUED

BOS180250

Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
A	0	0			-
B	1	8,640	1998	100.0	-
C	3	14,800		100.0	-
TOTAL	4	23,440	500	100.0	\$0.00

Source: CoStar

There is a dearth of office development in the 10-mile radius of the subject. The majority of the non-tourism related employment centers are situated in Bennington, Brattleboro, and Rutland. The following chart and map show the subject property and the 10 largest office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Office Building	2.2 Miles	A	B	8,640	100.0	1998	N/Av
Office Building	3.5 Miles	B	C	7,400	100.0	-	N/Av
Office Building	2.1 Miles	C	C	5,000	100.0	-	N/Av
Office Building	4.0 Miles	D	C	2,400	100.0	-	N/Av

Source: CoStar



LOCAL AREA ANALYSIS

CONTINUED

BOS180250

Industrial Development

The following chart shows a summary of industrial data by type in the immediate area from CoStar.

INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
Industrial	5	19,513	1900	100.0	-
Flex	2	13,091	1978	100.0	-
TOTAL	7	32,604	1922	100.0	\$0.00

Source: CoStar

There is limited industrial development in the area, as this use is heavily regulated by the State. Much of the heavy and light manufacturing is situated in Bennington and Brattleboro. The following chart and map show the subject property and the 10 largest industrial properties in the immediate area from CoStar.

LARGEST INDUSTRIAL PROPERTIES							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Industrial Building	2.4 Miles	A	General Retail	10,000	100.0	-	N/Av
Industrial Building	3.2 Miles	B	Industrial	5,670	100.0	-	N/Av
Industrial Building	4.1 Miles	C	Industrial	5,325	100.0	-	N/Av
Industrial Building	9.9 Miles	D	Industrial	4,248	100.0	-	N/Av
Industrial Building	7.3 Miles	E	Industrial	3,874	100.0	-	N/Av
Industrial Building	2.6 Miles	F	Flex	3,091	100.0	1981	N/Av
Industrial Building	9.4 Miles	G	Industrial	396	100.0	1900	N/Av

Source: CoStar



LOCAL AREA ANALYSIS

CONTINUED

BOS180250

The following map shows the subject property and the five largest retail, office, and industrial properties in the immediate area from CoStar.



LOCAL AREA ANALYSIS

CONTINUED

BOS180250

SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The following contains a summary of the subject assets and the uses adjacent to those properties.

THE HERMITAGE CLUB SKI RESORT

- › **North** – Single-family subdivision known as Haystack Village West in good condition, Undeveloped land part of the Green Mountain and Finger Lakes National Forest, Kingswood residential development in good condition, and Mt. Snow
- › **South** - Undeveloped land part of the Green Mountain and Finger Lakes National Forest, Single-family residential subdivisions in average/good condition, and The Hermitage Golf Club
- › **East** – Single-family subdivision in average/good condition, undeveloped land, Mt. Snow Golf Club, and the Deerfield Valley Airport (under common ownership)
- › **West** - Undeveloped land part of the Green Mountain and Finger Lakes National Forest

Access

The subject site has frontage along Gatehouse Trail, off Coldbrook Road a connector road from Route 100. Based on our field work, the subject's access is rated **average** compared to other properties with which it competes.

Visibility

The subject has limited visibility in both directions along the street. However, there is ample signage along Coldbrook Road and Route 100 providing **average** exposure in comparison to competitive properties.

THE HERMITAGE INN

- › **North** - Undeveloped land part of the Green Mountain and Finger Lakes National Forest, Kingswood residential development in good condition, and Mt. Snow
- › **South** - Undeveloped land part of the Green Mountain and Finger Lakes National Forest, Single-family subdivision known as Haystack Village West in good condition, and The Hermitage Golf Club
- › **East** – Single-family subdivision in average/good condition, undeveloped land, Mt. Snow Golf Club, and the Deerfield Valley Airport (under common ownership)
- › **West** – The Hermitage Club Ski Resort, Undeveloped land part of the Green Mountain and Finger Lakes National Forest

Access

The subject site has frontage of Handle Road a connector road. Based on our field work, the subject's access is rated **average** compared to other properties with which it competes.

Visibility

The subject has limited visibility in both directions along the street. However, there is ample signage along Coldbrook Road and Route 100 providing **average** exposure in comparison to competitive properties.

THE HERMITAGE GOLF CLUB

- › **North** - Undeveloped land part of the Green Mountain and Finger Lakes National Forest, The Hermitage Club, and Mt. Snow
- › **South** – Single-family subdivisions in average condition, undeveloped land, and the west end of Downtown Wilmington
- › **East** – Single-family subdivision in average condition and undeveloped land

LOCAL AREA ANALYSIS

CONTINUED

BCS180250

- › **West** - Single-family residential subdivision in average/good condition and Undeveloped land part of the Green Mountain and Finger Lakes National Forest

Access

The subject site has frontage along Spyglass Lane, off Mann Road leading to Coldbrook Road. Based on our field work, the subject's access is rated **average** compared to other properties with which it competes.

Visibility

The subject has limited visibility in both directions along the street. There is some signage along Mann Road and Route 100 providing **average** exposure in comparison to competitive properties.

THE SNOW GOOSE INN

- › **North** – Single-family residential development in average condition
- › **South** - Single-family residential development in average condition
- › **East** – Retail and commercial uses along Route 100 in average/good condition, West Dover Fire house, single-family residential development in average condition removed from the arterial roadway, and Downtown Dover
- › **West** – High-end, single-family residential subdivision in good condition and a single-family residential development in average condition

Access

The subject site has frontage along Route 100 an arterial roadway. Based on our field work, the subject's access is rated **average/good** compared to other properties with which it competes.

Visibility

The subject is set back from the roadway but has signage which is clearly visible in both directions along the street. In comparison to competitive properties, the subject property has **good** visibility.

THE DOVEBERRY INN

- › **North** - Single-family residential development in average condition
- › **South** - Single-family residential development in average condition and undeveloped land
- › **East** – Retail and commercial uses along Route 100 in average/good condition, single-family residential development in average condition removed from the arterial roadway, and Downtown Dover
- › **West** - Retail and commercial uses along Route 100 in average/good condition and single-family residential development in average condition removed from the arterial roadway

Access

The subject site has frontage along Route 100 an arterial roadway. Based on our field work, the subject's access is rated **average/good** compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along the street. In comparison to competitive properties, the subject property has **good** visibility.

THE HORIZON INN

- › **North** - Undeveloped land part of the Hogback Mountain Conservation Area and single-family residential development in average condition
- › **South** - Undeveloped land part Mt. Olga
- › **East** – Undeveloped land part of the Hogback Mountain Conservation Area
- › **West** – Single-family residential development in average condition, retail and commercial development along Route 9 in average/good condition, and Downtown Wilmington

LOCAL AREA ANALYSIS

CONTINUED

BOS180250

Access

The subject site has frontage along Route 9 an arterial roadway. Based on our field work, the subject's access is rated **average/good** compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along the street. In comparison to competitive properties, the subject property has **good** visibility.

SUMMARY

The subject's location in the Vermont's Snow Belt, which stretches the length of the State north to south from Massachusetts to Canada situated on the easterly side of the Appalachian Mountains, benefits The Hermitage Club Ski Resort and support services. Further, the proximity of the club to major clusters of population (New York City – 200 miles or approximately 3.5-hour drive; Boston – 150 miles or approximately 2.5-hour drive; Fairfield County Connecticut – 170 miles or approximately three-hour drive; and Westchester County New York – 175 miles or approximately three-hour drive) bode well for the long-term potential as a vacation or second home destination. The summer and fall season tourism is supported by the local area's history, available water sports on the Deerfield River, mountain hiking, dining, golf courses, and other leisure sport options create a nearly year-round leisure demand.

Most recently, there has been an increase in new businesses relocating or opening in Wilmington. Two long-vacant, buildings downtown are currently being renovated for use as a gastro-pub and AirBNB-style hotel, with a third having just opened (Maple Tree Tavern). The reopening of The Vermont House and The White House Inn have also provided additional high-end lodging accommodations with lounges and restaurants. Discussions with local business owners and Town representatives uncovered a positive outlook for the near-growth and upward trend within Wilmington.

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, which is concluded to have an average position in context of competing properties. Overall, the long history of strong tourism and recreational demand in the market bode well for the subject property.

SITE DESCRIPTION

BOS180250

The subject's non-contiguous site area contains 48,539,823 SF (or 1,114.32-Acre). Included in this land area is 252 acres of land (Glebe Land) leased by the subject property owner from the town of Wilmington. This tract is situated at the top of Haystack Mountain and contains the terminus of several chair lifts and start of the ski trails. The current lease expires November 15, 2030 and has been in place since 1977, with several different lessees over the years permitting the operation of a ski resort which is common practice for these assets. The subject sites are summarized in the following table.

THE HERMITAGE CLUB SITES				
NAME	GIS / PARCEL ID	LOCATION	SF	ACRES
Horizon Inn	10-03-030.00	Wilmington	514,008	11.80
The Hermitage Golf Club	HAYSTACK.GLF	Wilmington	6,246,940	143.41
The Hermitage Club Ski Area	HAYSTACK.SKI & HERMITGE.SKI	Wilmington	16,855,542	386.95
Base Lodge	HERMITGE.BSL	Wilmington	111,078	2.55
Chamonix Village	HSCHAMON.SKI	Wilmington	534,046	12.26
Summit Meadows	HSSUMMIT.LND & HSS00	Wilmington & Dover	436,036	10.01
The Hermitage Inn	02-01-0003.000, HL005 (Includes: HL002 & HL003) & HL021H	Wilmington & Dover	5,234,213	120.16
Glebe Land (Leasehold)	01-01-007.000	Wilmington	10,977,120	252.00
High Country Land	HSHIGHCO.LND & HSH00	Wilmington & Dover	689,119	15.82
Doveberry Inn	NV006	Dover	32,670	0.75
Snow Goose Inn	RT091	Dover	67,082	1.54
Fawn Ridge	HSF00	Dover	720,482	16.54
Haystack Ski Area (Bear Habitat)	HS000	Dover	6,121,487	140.53
TOTAL			48,539,823	1,114.32

The following discussion summarizes the subject site size and characteristics.

Assessor Parcels See Multiple Parcel Chart For Breakdown

Number Of Parcels 18

Land Area	Acres	Square Feet
Primary Parcel	1,114.32	48,539,823
Unusable Land	0.00	0
Excess Land	0.00	0
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>
Total Land Area	1,114.32	48,539,823

Shape See Multiple Parcel Chart For Breakdown

Topography Rolling above street grade

Drainage Assumed Adequate

Utilities All developable sites were reported to have utilities available that are consistent and expected in the market.

SITE DESCRIPTION

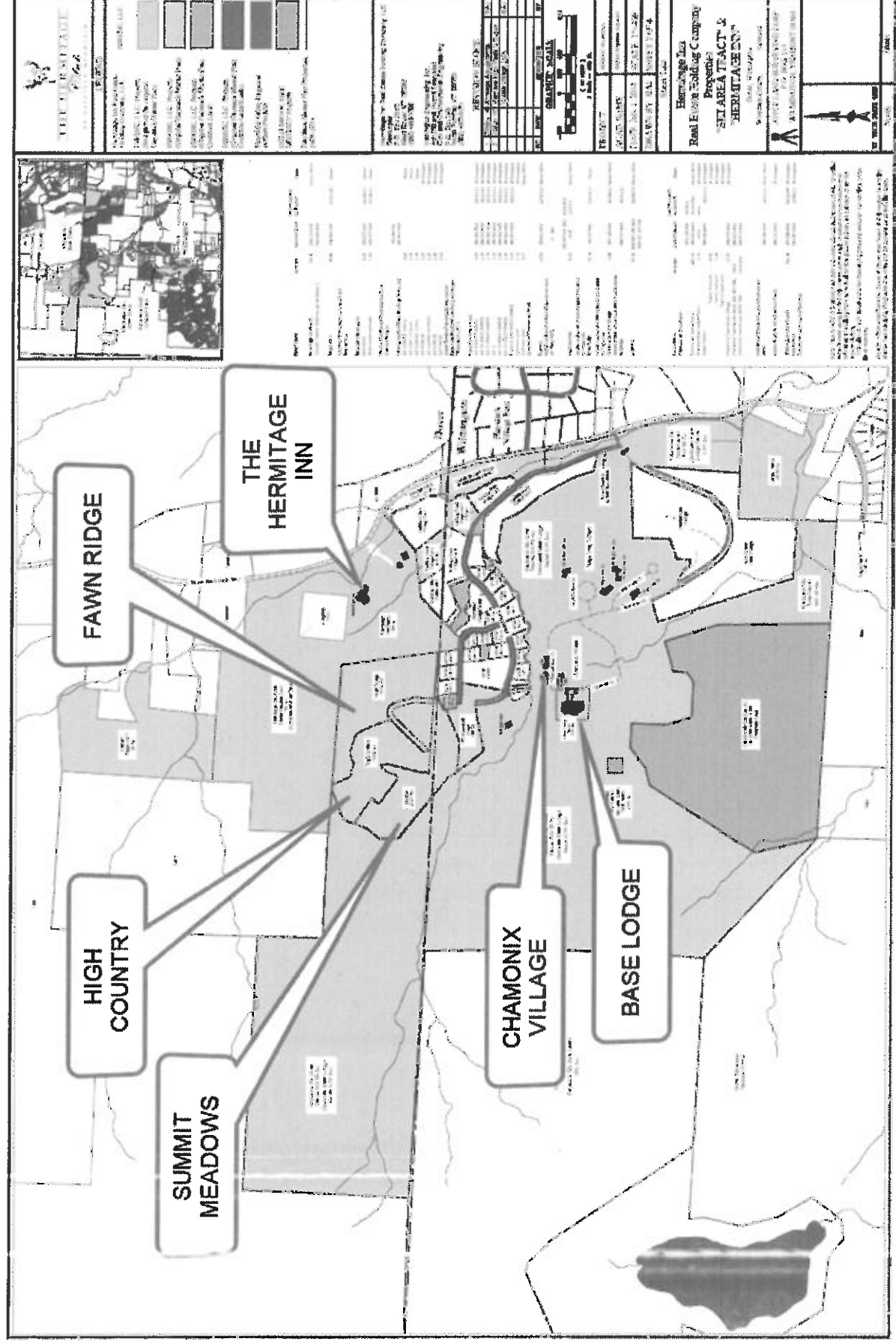
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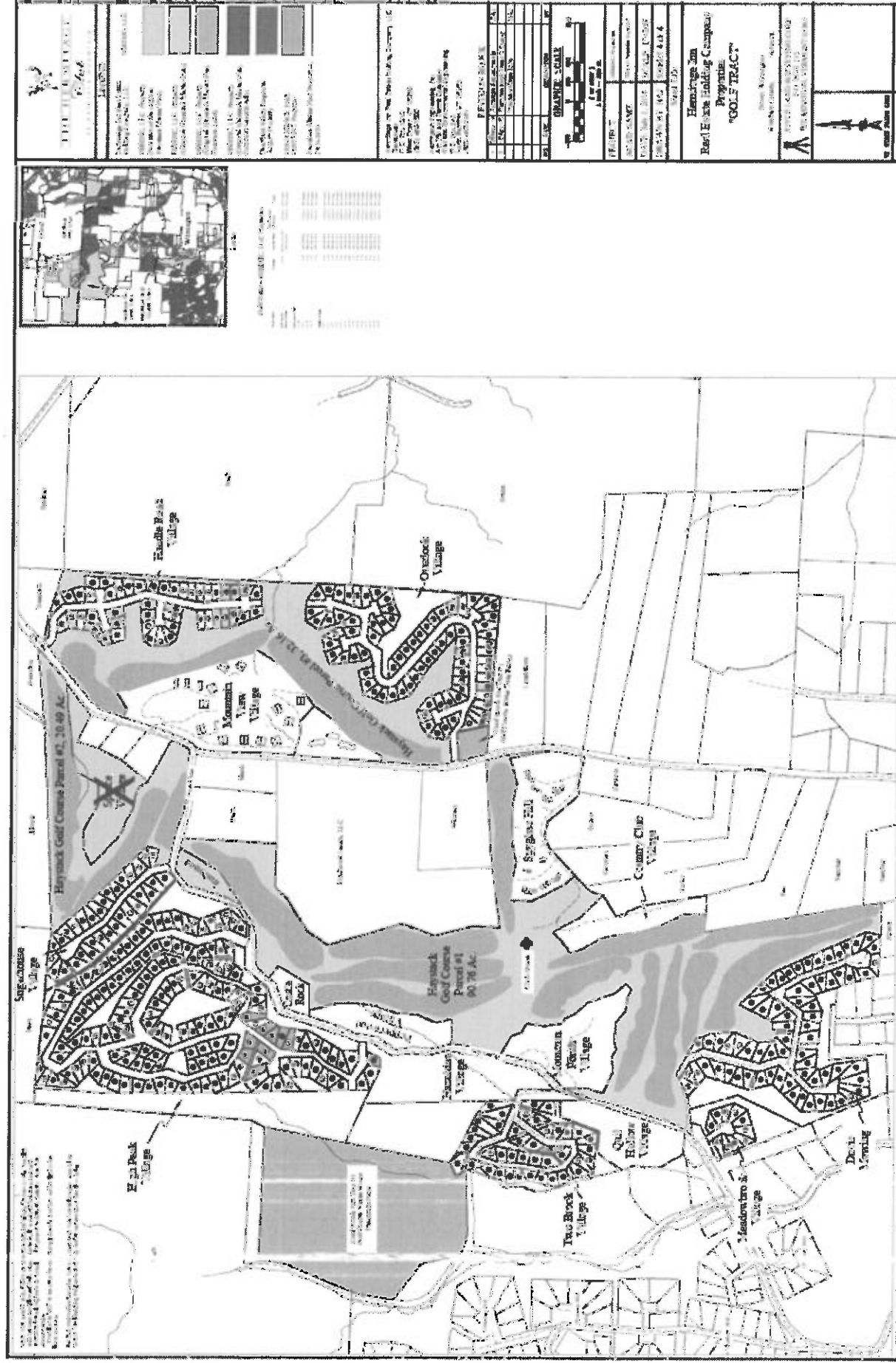
MULTIPLE PARCEL SITE DESCRIPTION GRID														
SPAN	GIS / PARCEL ID	PROPERTY NAME	ADDRESS	TOWN	USABLE		UNUSABLE		EXCESS		SURPLUS		TOTAL	
					SF	AC	SF	AC	SF	AC	SF	AC	SF	AC
762-242-13511	10-03-030.00	Horizon Inn	861 Route 9	Wilmington	514,008	11.80	0	0.00	0	0.00	0	0.00	514,008	11.80
762-242-11593	HAYSTACK.GLF	The Hermitage Golf Club	70 Spyglass Lane	Wilmington	6,246,940	143.41	0	0.00	0	0.00	0	0.00	6,246,940	143.41
762-242-12363	HAYSTACK.SKI	The Hermitage Club Ski Area	10 Gatehouse Trail	Wilmington	16,855,542	386.95	0	0.00	0	0.00	0	0.00	16,855,542	386.95
762-242-12363	HERMITGE.SKI	& HERMITGESKI												
762-242-12363	HERMITGE.BSL	Base Lodge	183 Gatehouse Trail	Wilmington	111,078	2.55	0	0.00	0	0.00	0	0.00	111,078	2.55
762-242-13763	HSCHAMON.SKI	Chamonix Village	171 Gatehouse Trail	Wilmington	534,046	12.26	0	0.00	0	0.00	0	0.00	534,046	12.26
762-242-11605	HSSUMMIT.LND	Summit Meadows (Portion)	Interior Lot	Wilmington	108,072	2.48	0	0.00	0	0.00	0	0.00	108,072	2.48
762-242-12213	02-01-0003.000	The Hermitage Inn (Portion)	Interior Lot	Wilmington	65,340	1.50	0	0.00	0	0.00	0	0.00	65,340	1.50
762-242-13882	01-01-007.000	Glebe Land (Leasehold)	Interior Lot	Wilmington	10,977,120	252.00	0	0.00	0	0.00	0	0.00	10,977,120	252.00
762-242-11597	HSHIGHCO.LND	High Country Land (Portion)	Interior Lot	Wilmington	52,272	1.20	0	0.00	0	0.00	0	0.00	52,272	1.20
183-058-12437	NV006	Doveberry Inn	284 Route 100	Dover	32,670	0.75	0	0.00	0	0.00	0	0.00	32,670	0.75
183-058-13354	RT091	Snow Goose Inn	259 Route 100	Dover	67,082	1.54	0	0.00	0	0.00	0	0.00	67,082	1.54
183-058-12015	HL005 (includes: HL002 & HL003)	The Hermitage Inn (Portion)	25 Handle Road	Dover	3,949,193	90.66	0	0.00	0	0.00	0	0.00	3,949,193	90.66
183-058-12015	HS100	High Country Land (Portion)	Interior Lot	Dover	636,847	14.62	0	0.00	0	0.00	0	0.00	636,847	14.62
183-058-12013	HSF00	Fawn Ridge	Interior Lot	Dover	720,482	16.54	0	0.00	0	0.00	0	0.00	720,482	16.54
183-058-12013	HSS00	Summit Meadows (Portion)	Interior Lot	Dover	327,963	7.53	0	0.00	0	0.00	0	0.00	327,963	7.53
183-058-12015	HS000	Haystack Ski Area (Bear Habitat)	Interior Lot	Dover	6,121,487	140.53	0	0.00	0	0.00	0	0.00	6,121,487	140.53
183-058-12015	HL021H	Cross Country & Snow Shoe Terrain (Former Fagge Lot #3)	Interior Lot	Dover	1,219,680	28.00	0	0.00	0	0.00	0	0.00	1,219,680	28.00
TOTAL					48,539,823	1,114.32	0	0.00	0	0.00	0	0.00	48,539,823	1,114.32

Accessibility	Previously discussed for the subject's individual sites.
Exposure	Previously discussed for the subject's individual sites.
Seismic	The subject is in a medium risk zone.
Flood Zone	Presented on the Multiple Parcel Site Description Grid, and the flood maps further on in this section.
Easements	A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

SITE PLAN



THE HERMITAGE CLUB PARCELS (YELLOW)

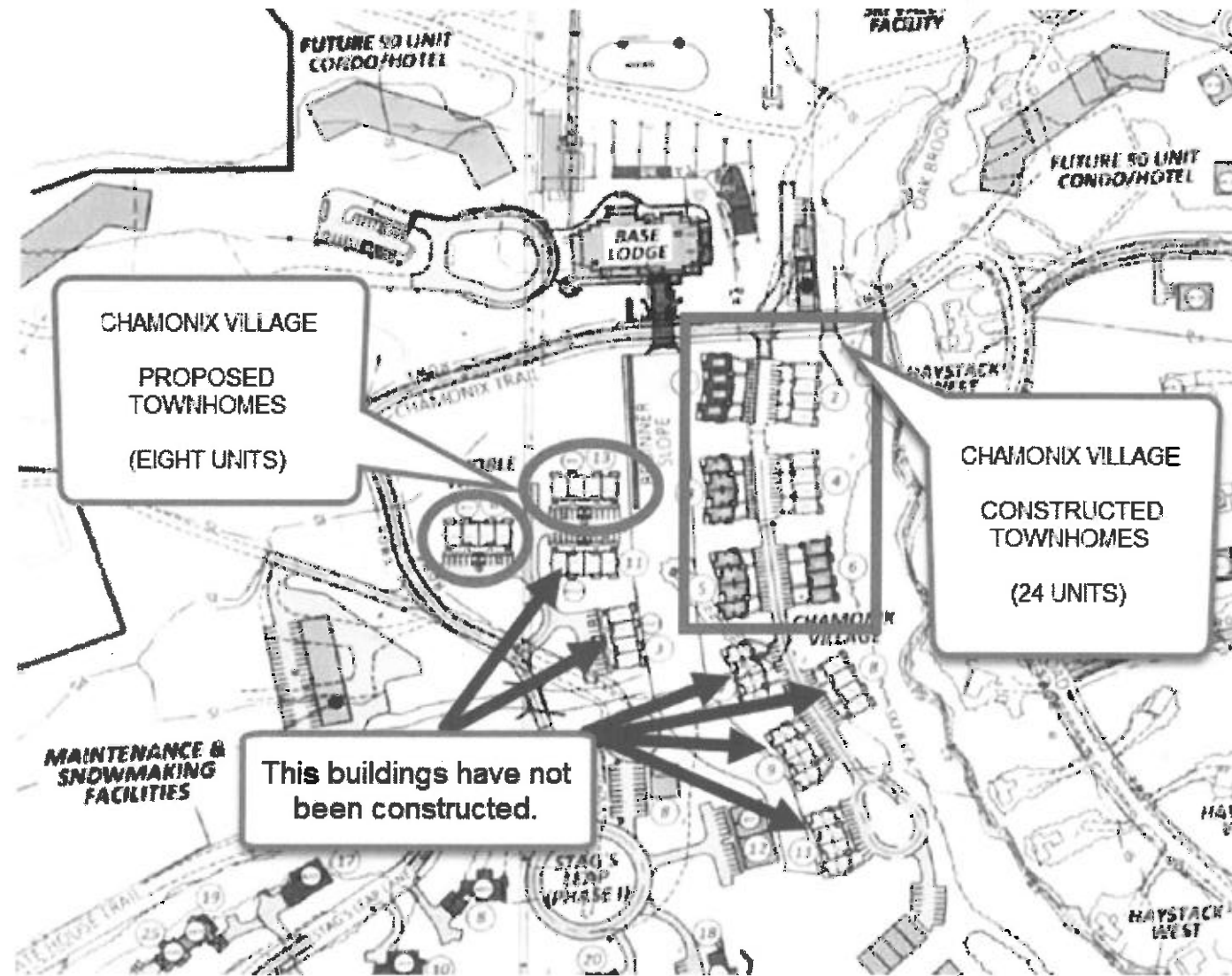


THE HERMITAGE GOLF CLUB PARCELS (YELLOW – EXCLUDING SPRUCE VILLAGE)

EXHIBITS

CONTINUED

BOS180250

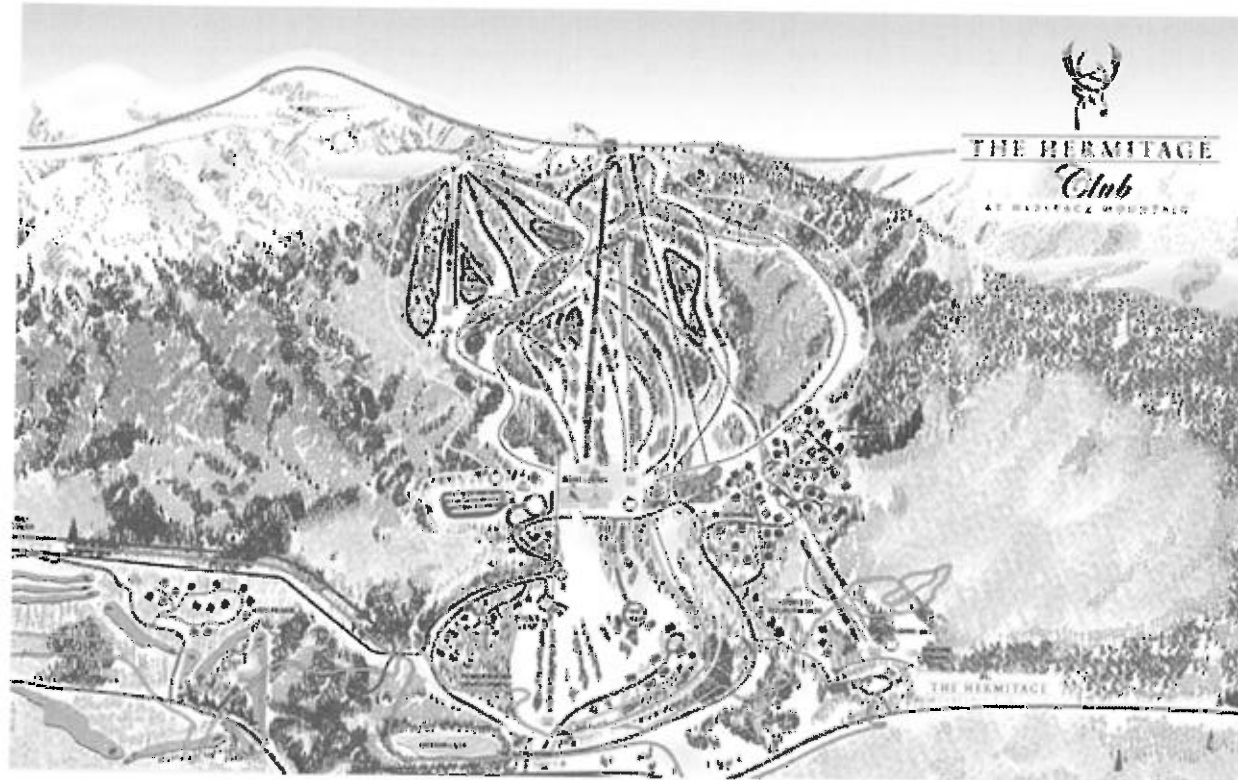


CHAMONIX VILLAGE EXISTING & PROPOSED UNITS

CONTINUED

BOS180250

RESORT SKI TRAILS



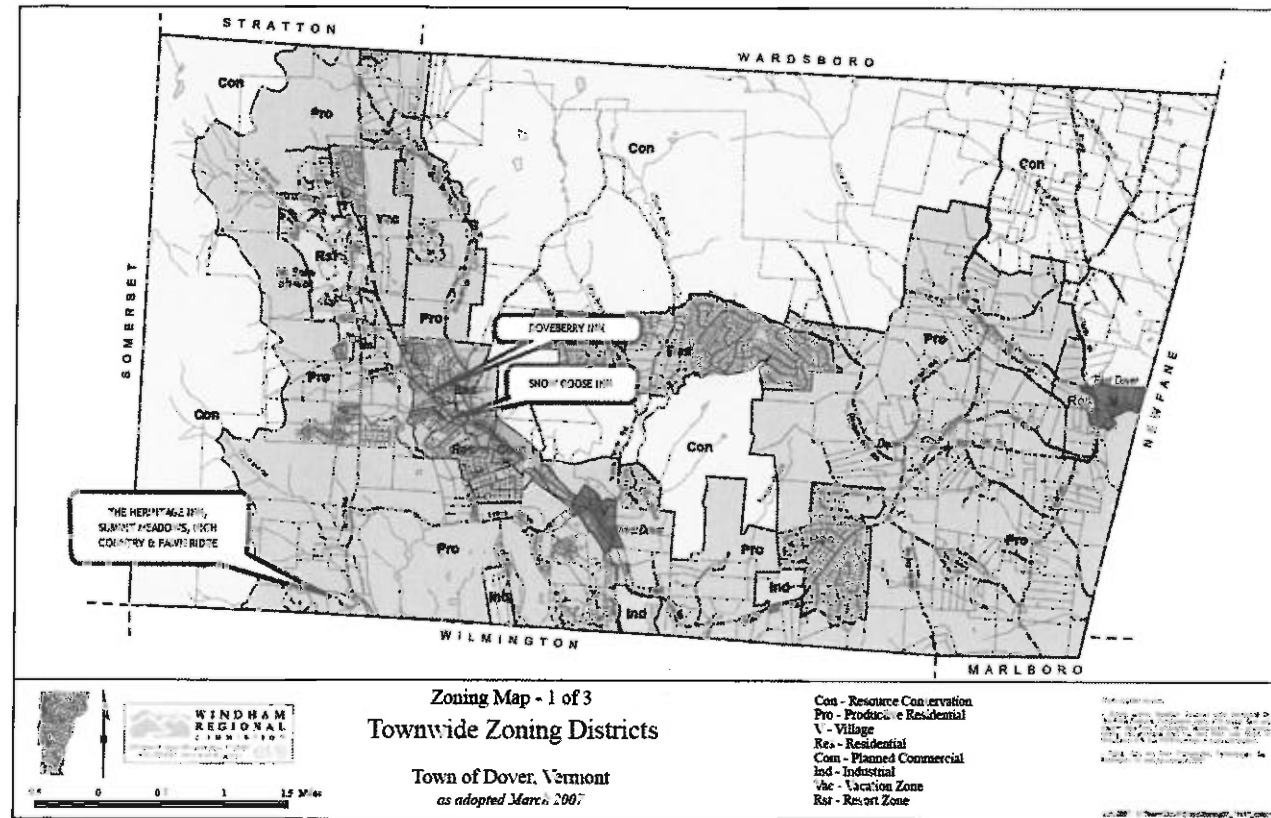
THE HERMITAGE CLUB SKI TRAILS

EXHIBITS

CONTINUED

BOS180250

ZONING MAP

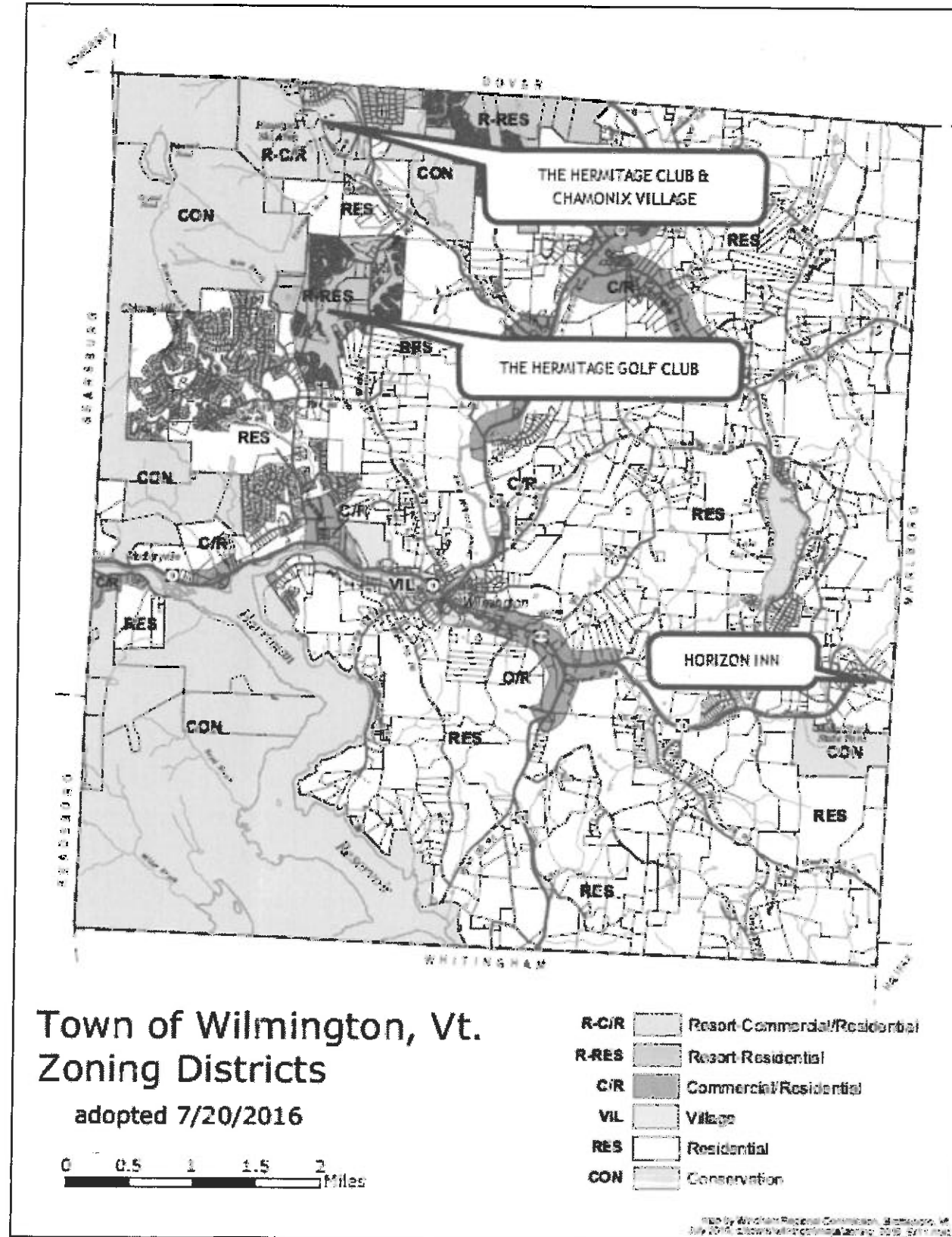


DOVER ZONING MAP

EXHIBITS

CONTINUED

BOS180250



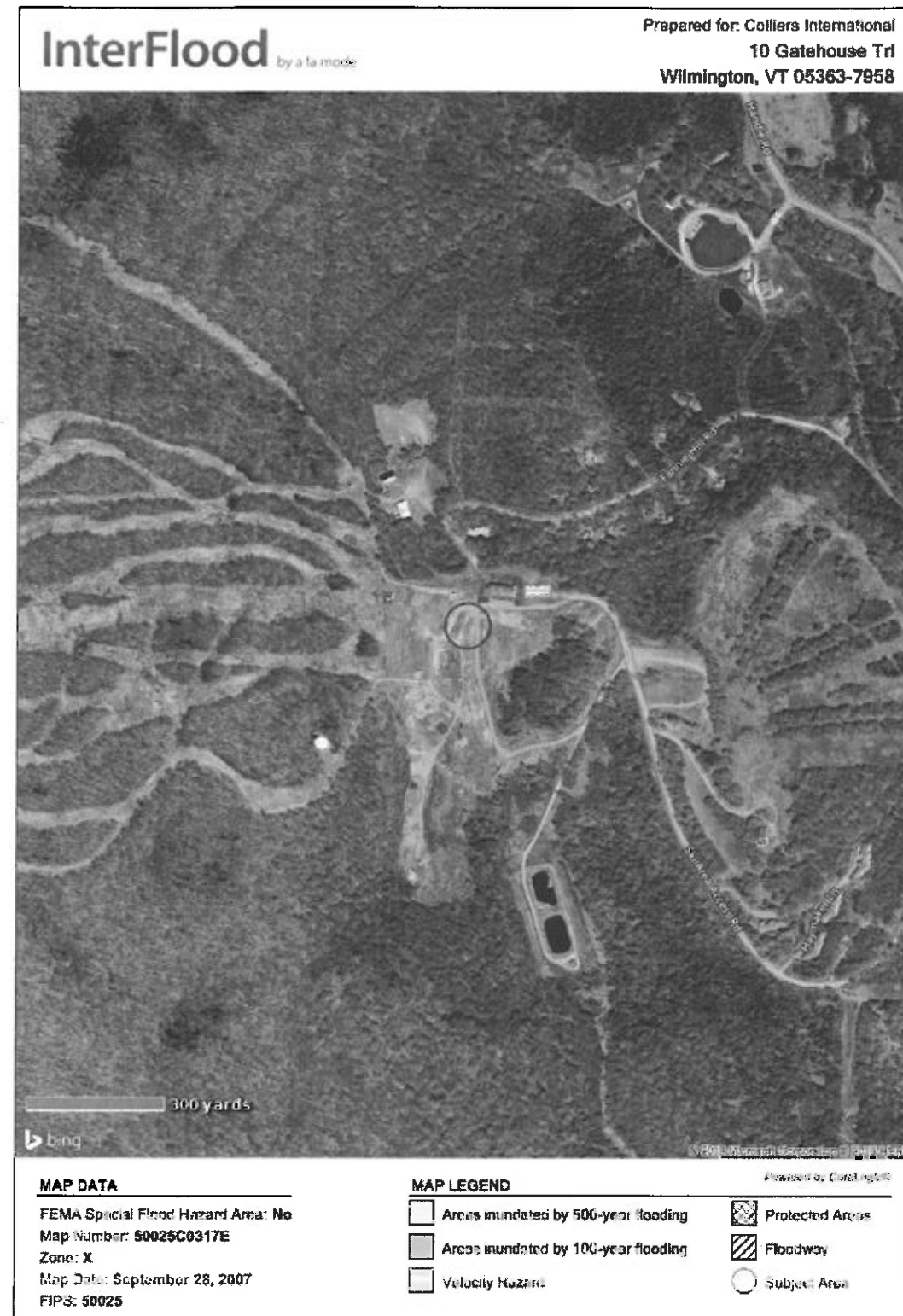
WILMINGTON ZONING MAP

EXHIBITS

CONTINUED

BOS180250

FLOOD MAPS

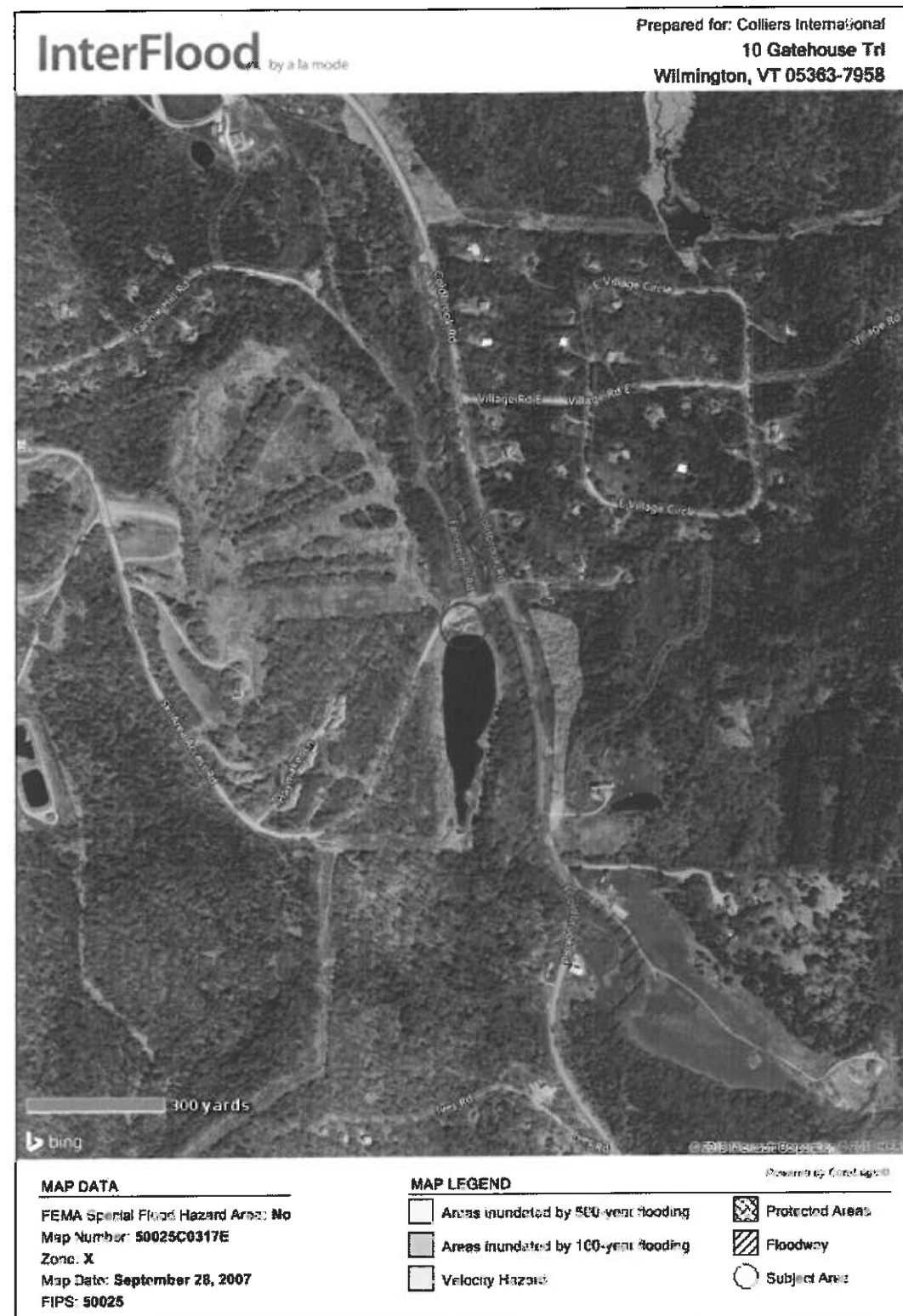


BASE LODGE, CHAMONIX VILLAGE, AND SKI PARCELS

EXHIBITS

CONTINUED

BOS180250



GATE HOUSE (ZONE X UNSHADED) & ACCESS ROADS (ZONE AE)

EXHIBITS

CONTINUED

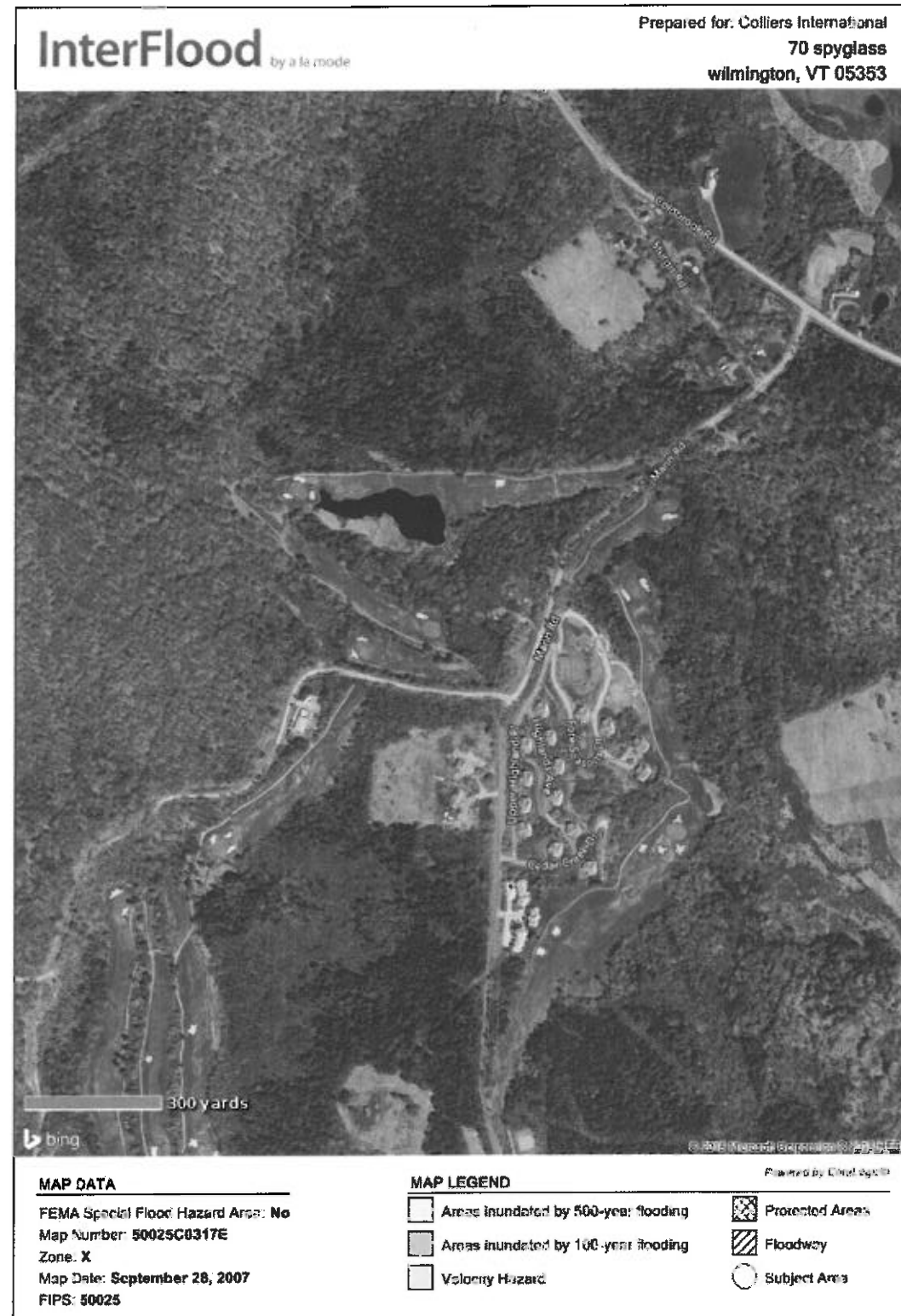
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EXHIBITS

CONTINUED

BOS130250

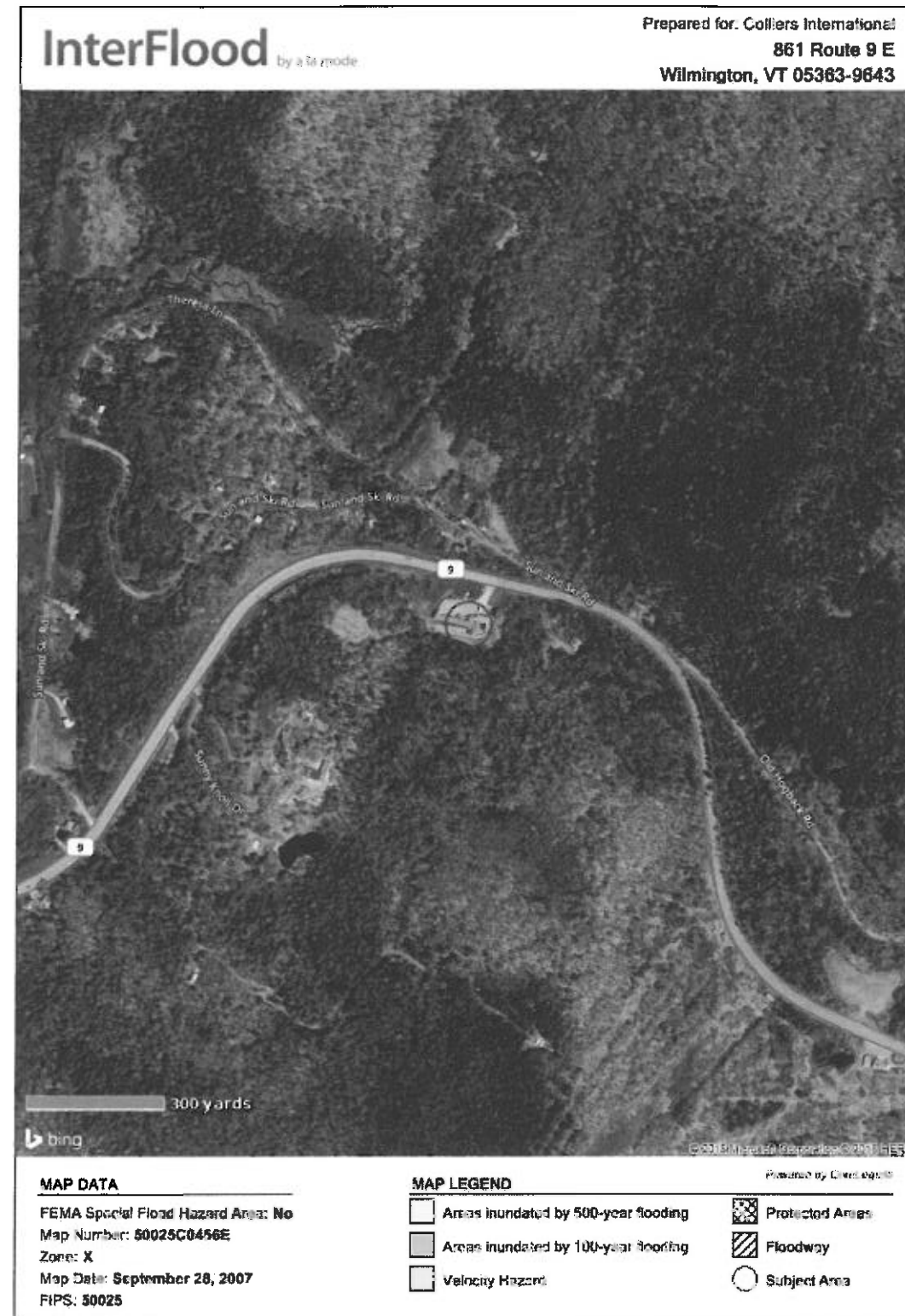


THE HERMITAGE GOLF CLUB (NORTH PORTION)

EXHIBITS

CONTINUED

BOS180250



EXHIBITS

CONTINUED

BCS180250



DOVEBERRY INN (TOP ARROW) & SNOW GOOSE INN (BOTTOM ARROW)

IMPROVEMENT DESCRIPTION

BOS180250

INTRODUCTION

The subject property consists of a portion of the real estate holdings of the Hermitage Inn Real Estate Holding Company, LLC. The subject assets represent the primary components of a private, luxury ski-resort with ancillary services and amenities, a golf course, four lodging properties, partially completed foundation for one of two townhome buildings (eight units total) which have expired entitlements, and undeveloped land commonly known as The Hermitage Club, located at 10 Gatehouse Trail in Wilmington, Vermont. Portions of the subject property (both improved and undeveloped land) are also located in the neighboring town of Dover, Vermont.

Portions of these subject sites are improved. A summary of these improvements and their location are presented in the following table.

THE HERMITAGE CLUB IMPROVEMENTS					
NAME	ADDRESS	LOCATION	GBA	NRA	ROOMS / UNITS
Horizon Inn	861 Route 9	Wilmington	12,296	12,296	28
The Hermitage Golf Club	70 Spyglass Lane	Wilmington	7,000	7,000	N/A
The Hermitage Club Ski Area	71 Spyglass Lane	Wilmington	-	-	-
Base Lodge	183 Gatehouse Trail	Wilmington	88,813	81,189	N/A
Chamonix Village*	8 & 13 Grenoble Way	Wilmington	27,200	27,200	8
Summit Meadows	24 Handle Road	Dover	-	-	-
The Hermitage Inn	25 Handle Road	Dover	14,143	14,143	16
Carriage House	25 Handle Road	Dover	1,744	1,744	5
Glebe Land (Leasehold)	Haystack Mountain	Wilmington	-	-	-
High Country Land	Haystack Mountain	Wilmington & Dover	-	-	-
Doveberry Inn	284 Route 100	Dover	6,026	6,026	12
Snow Goose Inn	259 Route 100	Dover	8,035	8,035	13
Fawn Ridge	Haystack Mountain	Dover	-	-	-
Haystack Ski Area (Bear Habitat)	Haystack Mountain	Dover	-	-	-
TOTAL			165,257	157,633	

*Entitlements for eight townhouse units in two four-unit buildings.

As shown above the total Gross Building Area (GBA) for the is 165,257 SF of which 157,633 SF represents the Net Rentable Area (NRA), including the remaining eight townhouse units to be constructed at Chamonix Village. Overall, the resort improvements are in good/excellent condition, whereas the off-resort improvements have varying finishes and conditions. This is discussed in detail later in this report.

As of the date of our inspection the subject’s conceptual development for the entire Hermitage Club has not received full approval from either the State of Vermont or the towns of Wilmington and Dover. Further, the current status of the Act 250 Master Plan submitted by the owner received positive findings for only two criteria (#6 educational services & #7 municipal services) out of a possible 10 main criteria. There are several criteria which have sub-criteria equating to approximately 30 total criteria which **all must have positive findings prior to proceeding with any development**. The partial positive findings were issued in February 2017 and remain in effect for 10 years. Meaning that the two positive findings will not need to be presented or restated until the 10-year period expires while positive findings for the remaining criterion are sought. Discussions with the owner’s representative and the district coordinator for the Vermont Natural Resources Board both reported that it took several years for these initial partial findings to be issued. Without positive findings for **all** the Act 250 criteria the owner/developer cannot proceed with any development within the scope of the master plan. Further, approvals for the plan would still need to be achieved at the town level and construction permits also need to be sought (or submitted concurrently) through both the State and towns.

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250

The entire club, and all of the company's operations were required to close at the end of March 2018 by the State of Vermont, Department of Taxes for failure to pay more than \$1,000,000 in back sales taxes to the State. It has also been reported that approximately \$800,000 in back sales taxes are owed to the Town of Wilmington. A letter addressed to Jim Barnes, the principal owner of The Hermitage Club, dated March 30, 2018 from the State included the following verbiage is posted on the doors of the Club's Base Lodge front doors:

"You shall not conduct any business. This prohibition includes but is not limited to selling memberships, paying employees including security, day care, and maintenance personnel, renting rooms, collecting greens fees, and selling taxable meals."

Since this order, there has been limited maintenance of the subject assets per the direction of a court appointed receiver. It was reported by the owner's representative that the property upkeep has been restricted to walk throughs and minimal maintenance of the buildings occurring two or three times a week, and maintenance of the golf course grounds (mowing, raking, and some watering) only. There has been limited maintenance to the Club's ski equipment, including the chair lifts which require annual upkeep and recertification. **In consideration of the reported limited maintenance being completed at the subject properties and the required standards for operation for ski equipment it is not probable the ski operation will open for the upcoming season. Further, the lack of staff, organizational support, and management as of the date of this does not bode well for the reopening of any of the Club's operations in the near-term.**

Lastly, our research uncovered that our client (Berkshire Bank) has foreclosed on the Club, as payments on a reported amount of over \$19,000,000 had not been paid to Berkshire Bank.

Per our engagement and subsequent communication with the client our analyses contained within this report is representative of the real estate only, without consideration to the financial obligations of the current owner excepting cost to cure physical depreciation at the subject improvements as estimated by the appraisers.

The information presented below is a basic description of the existing improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Hazardous Materials This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

ADA Compliance This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250

MULTIPLE BUILDING DESCRIPTION GRID														
BUILDING	ADDRESS	TOWN	USE	GSA	NRA	NO. OF UNITS / ROOMS	YEAR BUILT	YEAR RENOV.	EFF. AGE	ECON. LIFE	RES. LIFE	STORIES	DOORS DOCK	QUALITY CONDITION
Base Lodge	183 Gatehouse Trail	Wilmington	Ski Lodge, Spa, Dining, Day Care, Fitness Center, Locker Rooms, Bowling Alley, Movie Theater, and Meeting Space	88,813	81,189	N/A	2014	N/A	5	50	45	4	1	Good Good/Excellent
Chamonix Village	8 Grenoble Way	Wilmington	Residential townhouse units, proposed	13,600	13,600	4	2020	N/A	0	50	50	3	-	-
Chamonix Village	13 Grenoble Way	Wilmington	Residential townhouse units, under construction (foundation only)	13,600	13,600	4	2020	N/A	0	50	50	3	-	-
Golf Club House	70 Spyglass Lane	Wilmington	Typical golf course club house with snack bar, locker rooms, storage, and lounge area.	7,000	7,000	N/A	1980	2013	5	50	45	1	-	Average Average/Good
The Hermitage Inn	25 Handle Road	Dover	Bed & Breakfast Style, lodging facility	14,143	14,143	11	1930	2008	10	50	40	2	-	Good Good
Carriage House	25 Handle Road	Dover	Lodging building with common area kitchen	1,744	1,744	5	1930	2016	10	50	40	2	-	Good Good
Snow Goose Inn	259 Route 100	Dover	Bed & Breakfast Style, lodging facility	8,035	8,035	13	1959	2016	10	50	40	2	-	Good Good
Doveberry Inn	284 Route 100	Dover	Bed & Breakfast Style, lodging facility	6,026	6,026	12	1960	N/A	20	50	30	2	-	Average Fair/Average
Horizon Inn	861 Route 9	Wilmington	Full-service, lodging facility	12,296	12,296	28	1960	N/A	30	50	20	2	-	Average Fair
TOTAL				166,267	167,833							1 - 4	1	

IMPROVEMENT DESCRIPTION

CONTINUED

BCS180250

THE HERMITAGE CLUB BASE LODGE

The Base Lodge was constructed in 2014, with high-quality finishes and materials consistent with its use as the central club amenity for an exclusive private ski area. The building consists of four floors (two floors above grade and two lower levels) with extensive food and beverage service, as well as member locker rooms, ski rentals, retail, spa, home theater, lap pool, and bowling alley.

The first floor has extensive timber construction and two-story, open high ceilings surrounding a full-height, four-sided fireplace surrounded by the main dining room. There is an island style bar at the north end of the great room surrounded by 36 bar stools with full height glass windows providing a view of the ski hill. The east end of the first floor includes meeting and private dining banquet rooms. The main food and beverage outlet is in this area with a pizza oven and chef's kitchen. There are also large restrooms on the north end to serve the skier traffic.

The second floor consists balcony areas overlooking the main dining area the first level on the west side. The east side of the second level contains the Equity Member's locker rooms (minimum \$100,000 bond) as well as very well-appointed men's and lady's restrooms. There are also four private "family" bathrooms.

The basement level consists of the primary recreational spaces, including skier services and amenities. This floor includes a retail area, ski rental, fitness center, lap pool, indoor and outdoor hot tubs, yoga studio, child day care, exercise room, and the Legacy Member's and guest locker rooms.

The sub-basement level includes an extensive spa with 14 treatment rooms, large salon area, a manicure/pedicure room with more locker rooms and restrooms. The catering/banquet kitchen is on this level with walk-in coolers and freezers. There are employee locker rooms and a break area on this level. Amenities on this level also include a two-lane bowling area, movie theater, and family center area with arcade games. Mechanical areas and the loading dock located under the ski bridge are also on this level.

Basic Construction	Heavy timber on the top two levels, structural steel and poured in place concrete in the lower two levels.
Foundation	Poured concrete slab
Framing	Wood post and beam and structural steel
Exterior Walls	Wood Siding
Roof	Gabled with shingle covering
Insulation	Assumed adequate and to code
Heating	Forced Water and Air
Air Conditioning	Forced Air
Lighting	Fluorescent and Incandescent. The subject has high quality light fixtures throughout. The chandeliers in the great room are decorative antler fixtures. There is up lighting and other custom lighting features throughout.
Interior Walls	Drywall
Electrical	The building has a master meter and backup generator.
Ceilings	Exposed in the upper levels and drop in ceilings in the basement areas.
Windows	Thermal windows in wood frames
Doors	Glass, wood and metal

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250

Flooring	Carpet in the primary areas, high quality tile in the locker rooms and spa areas, and ceramic tile in the kitchen areas.
Plumbing	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other properties in the area with a combination of PVC, steel, copper and cast-iron piping throughout the building.
Fire Protection	Fully sprinklered
Elevators	Two elevators
Parking	There is ample parking.
Deferred Maintenance	The Base Lodge is newer construction. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists. However, we are not qualified structural engineers and cannot attest to the level of deterioration that may or may not have occurred as the result of reduced levels of maintenance.



VIEW OF IMPROVEMENTS FACING NORTH



VIEW OF IMPROVEMENTS FACING NORTHWEST



MAIN DINING AREA



MAIN DINING AREA

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



TYPICAL RESTROOM



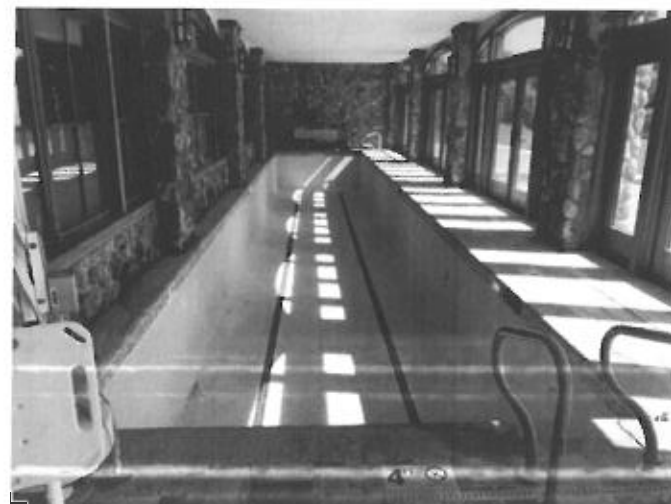
EQUITY MEMBERS LOCKER ROOM



DAY CARE CENTER



SPINNING STUDIO



LAP POOL



NAIL SALON

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



SPA SERENITY ROOM



TYPICAL DOUBLE PERSON SPA TREATMENT ROOM



BOWLING ALLEY



MOVIE THEATER



LOADING AREA



PATIO ON WEST SIDE OF BASE LODGE

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



**SPORTS ACTIVITY SEMI-PERMANENT
STRUCTURE**



KITCHEN



BOILER UNITS



VIEW OF GATEHOUSE FACING SOUTHWEST

IMPROVEMENT DESCRIPTION

CONTINUEDBOS100250

CHAMONIX VILLAGE

Situated east of the Base Lodge is the Chamonix Village townhome development. As of the date of our inspection there were six buildings constructed, containing four units each totaling 24 total townhome units. The construction of the initial six buildings and the entitlements for the remaining eight units were permitted to be developed as part of an exception granted to the owner of The Hermitage Club. These units are not part of the currently stalled Act 250 master plan application. Any further development beyond the remaining eight units will require full Act 250 approval, as well as the other local and state permits. It was reported to us by the Town of Wilmington Zoning Administrator, Craig Ohlson that the entitlements for the eight townhome units at Chamonix Village (one foundation is partially completed) have lapsed and will require new approvals at the local level with the Town of Wilmington Development Review Board prior to construction.

As of the date of our inspection:

- › All the completed units have been sold and we were not granted access to tour these units.
- › The foundation for 13 Grenoble Way (four units) has been poured.
- › No excavation for 8 Grenoble Way (four units) has started.

In consideration of the current status of The Club's financial struggles it is our opinion that the reapproval and construction of these units would not be immediately sought as reopening and stability to the overall operation would be paramount to a future operator. Therefore, we have extended the construction timing by one-year to account for club operations to commence and the approval process for the eight units.

Basic Construction	Wood frame
Foundation	Poured concrete
Framing	Wood frame
Exterior Walls	Wood siding
Roof	Gabled with shingles
Insulation	Assumed adequate
Heating	Forced Water
Air Conditioning	Forced Air
Lighting	Incandescent and fluorescent
Interior Walls	Drywall
Electrical	Assumed to code
Ceilings	Drywall with decorative wood beam
Windows	Thermal in vinyl frame
Doors	Wood
Flooring	Mix of hardwood in the living areas, tile in bathrooms, and carpet in the bedrooms
Plumbing	Assumed to code and typical for residential development
Fire Protection	Smoke detectors
Parking	Assigned surface parking outside of building, two spaces per unit. With ample spaces for guest parking.

IMPROVEMENT DESCRIPTION

CONTINUED

BOE180250

Deferred Maintenance

The townhomes are newer construction. Based on our interview with the property manager contact and the onsite inspection by the field appraiser, no observable deferred maintenance exists. However, we are not qualified structural engineers and cannot attest to the level of deterioration that may or may not have occurred as the result of reduced levels of maintenance.



VIEW OF COMPLETED IMPROVEMENTS



VIEW OF COMPLETED IMPROVEMENTS



VIEW OF COMPLETED IMPROVEMENTS



VIEW OF FOUNDATION FOR 13 GRENOBLE WAY
FACING SOUTHEAST

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



TYPICAL INTERIOR FINISHES FROM BROKER
 WEBSITE



TYPICAL INTERIOR FINISHES FROM BROKER
 WEBSITE



TYPICAL CHAMONIX VILLAGE TOWNHOME FLOOR PLAN

IMPROVEMENT DESCRIPTION

CONTINUEDBOS130250

THE HERMITAGE GOLF CLUB AT HAYSTACK MOUNTAIN

The golf course opened in 1972 and was operated as a public course until the start of the 2017 golf season, when The Hermitage Club converted the golf course and facilities to a private club for members only. The course was designed by Desmond Murihead is 5,400 yards from the shortest tees to 6,550 yards at the longest of the four tees. The club house was constructed in 1980 and is approximately 7,000 SF. There is also a maintenance building containing 5,000 SF, which was built in the early 1980s. Much of the club's equipment was leased including golf carts, lawn mowers, and other maintenance equipment. As of the date of our tour these items had been repossessed; however, with the remaining equipment the course playing surfaces are being maintained. We have made the extraordinary assumption that the golf course will not open until the completion of the pending litigation against the club and its current ownership. We were unable to access the interior of this facility during our most recent property tour. It was reported by Aaron Sherritt, property contact for The Hermitage Club, that the building and interior condition were unchanged in the past year.

Following is a brief description of the club house.

Basic Construction	Wood frame
Foundation	Poured concrete
Framing	Wood frame
Exterior Walls	Wood siding
Roof	Pitched
Insulation	Assumed adequate
Heating	Forced Water
Air Conditioning	Forced Air
Lighting	Incandescent and fluorescent
Interior Walls	Drywall and wood paneling
Electrical	Assumed to code
Ceilings	Drywall and acoustic tile
Windows	Thermal in metal frame
Doors	Glass in metal frame and both solid or hollow wood core
Flooring	Mix of carpet, exposed concrete, and ceramic tile
Plumbing	Typical for golf club house
Parking	Ample surface
Deferred Maintenance	The subject property had an ongoing maintenance program in place. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.

IMPROVEMENT DESCRIPTION

CONTINUED

BO3180250



VIEW OF IMPROVEMENTS FACING WEST



UPPER LEVEL DINING AND SITTING AREA



BAR AREA



KITCHEN



TYPICAL RESTROOM



LOCKER ROOM

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



PRO SHOP (LOWER LEVEL)



GOLF CART STORAGE AREA



VIEW OF COURSE



VIEW OF COURSE



VIEW OF COURSE



VIEW OF COURSE

IMPROVEMENT DESCRIPTION

CONTINUEDBOS180250

THE HERMITAGE INN & CARRIAGE HOUSE

The Hermitage Inn has 16 rooms situated in three buildings, the main building, the Wine Wing, and the Carriage House. This property underwent a significant renovation (approximately \$5 to \$6 million) in 2008, to upgrade the Inn to the current finishes and standard. Food and beverage outlets for the Inn are the bar area, bar dining room and main dining room. There is a 5,000-bottle capacity wine cellar in the basement which houses wines owned by members in addition to the Inn's wine which can also accommodate private dining. The addition of the Tague Lift, adjacent to the Inn created direct access to the ski mountain for Inn guests. There are four guest rooms in the upper level of the Main building, seven guest rooms in the Wine Wing, and five guest rooms in the Carriage House. We have made the extraordinary assumption that inn will not open until the completion of the pending litigation against the club and its current ownership.

Basic Construction	Wood frame
Foundation	Poured concrete
Framing	Wood frame
Exterior Walls	Wood siding
Roof	Gabled with asphalt shingles
Insulation	Assumed to code
Heating	Forced water
Air Conditioning	Forced Air
Lighting	Incandescent and fluorescent
Interior Walls	Drywall
Electrical	Assumed to code and typical for a lodging property.
Ceilings	Drywall and acoustic tile
Windows	Glass in wood or vinyl frame
Doors	Wood with decorative glass
Flooring	Mix of carpet, hardwood, exposed concrete, and tile
Plumbing	Assumed to code and typical for a lodging property.
Signage	There is a monument style sign along Handle Road, and typical Vermont styled covered bridge providing access to the property.
Parking	Ample surface parking.
Deferred Maintenance	The subject property had an ongoing maintenance program in place. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



VIEW OF INN FACING NORTHWEST



VIEW OF CARRIAGE HOUSE FACING EAST



INN ENTRYWAY



INN DINING AREA



INN WINE CELLAR



INN BAR

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



TYPICAL INN GUEST ROOM



TYPICAL INN BATHROOM



TYPICAL INN GUEST ROOM



TYPICAL CARRIAGE HOUSE GUEST ROOM



CARRIAGE HOUSE DINING / SITTING AREA



CARRIAGE HOUSE GUEST ROOM

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



VIEW OF INN ACCESS FROM HANDLE ROAD
FACING SOUTHWEST



VIEW OF THE TAGE LIFT BASE FACING
NORTHWEST



VIEW OF SUGAR HUT (STORAGE)

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250

SNOW GOOSE INN

The Snow Goose Inn has 13 rooms situated along Route 100 in Dover. This Inn was acquired by the owner in June 2015 for \$375,000 (\$28,843/room). In 2016, the owner then spent approximately \$700,000 (\$53,843/room) to complete an extensive renovation of the entire Inn. The Inn was not available to the public and was utilized exclusively to house existing members and their guests, and for marketing of The Hermitage Club to prospective members. The upgrades brought the Inn to a similar standard and finish as The Hermitage Inn. The layout is consistent with other bed & breakfast lodging options in the market, with well-appointed rooms which received all new FF&E and upgraded bathrooms. The Inn has a small kitchen for preparing breakfast, a large dining table, small sitting room on the second floor, and covered porches in the rear. We have made the extraordinary assumption that the inn will not open until the completion of the pending litigation against the club and its current ownership.

Basic Construction	Wood frame
Foundation	Poured Concrete
Framing	Wood frame
Exterior Walls	Wood siding
Roof	Gabled with asphalt shingles
Insulation	Assumed to code
Heating	Forced water
Air Conditioning	Forced Air
Lighting	Incandescent and fluorescent
Interior Walls	Drywall
Electrical	Assumed to code and typical for a lodging property.
Ceilings	Drywall and acoustic tile
Windows	Glass in vinyl frame
Doors	Wood with decorative glass
Flooring	Mix of carpet, hardwood, exposed concrete, and tile
Plumbing	Assumed to code and typical for a lodging property.
Signage	There is a monument style sign along Route 100.
Parking	Ample surface parking.
Deferred Maintenance	The subject property had an ongoing maintenance program in place. Based on our interview with the property manager and the onsite inspection by the field appraiser, no observable deferred maintenance exists.

IMPROVEMENT DESCRIPTION

CONTINUED

BOS180250



VIEW OF IMPROVEMENTS FACING SOUTHWEST



VIEW OF IMPROVEMENTS FACING NORTH



ENTRY WAY



SITTING AREA



DINING AREA



KITCHEN

IMPROVEMENT DESCRIPTION

CONTINUED

BO3180250



TYPICAL GUEST ROOM



TYPICAL BATHROOM



TYPICAL SHOWER



TYPICAL GUEST ROOM SUITE



TYPICAL SUITE BATHROOM



TYPICAL GUESTROOM AMENITIES

IMPROVEMENT DESCRIPTION

CONTINUEDBOS180250

DOVEBERRY INN

The Doveberry Inn has 12 rooms situated along Route 100 in Dover. This Inn was acquired by the owner in 2015 and was not available to the public. The property was utilized as employee housing and received just \$25,000 in upgrades since its acquisition in 2015. The property has a layout which is consistent with other bed & breakfast lodging options in the market. The Inn has a small kitchen for preparing breakfast, a small dining room, sitting area in the lobby, and an innkeeper's apartment on the lower-level. We have made the extraordinary assumption that the Inn will not open until the completion of the pending litigation against the club and its current ownership.

Basic Construction	Wood frame
Foundation	Poured Concrete
Framing	Wood frame
Exterior Walls	Wood siding
Roof	Gabled with asphalt shingles
Insulation	Assumed to code
Heating	Forced water
Air Conditioning	None
Lighting	Incandescent and fluorescent
Interior Walls	Drywall, wood paneling, and wainscoting
Electrical	Assumed to code and typical for a lodging property.
Ceilings	Drywall and acoustic tile
Windows	Glass in wood frame
Doors	Wood with decorative glass
Flooring	Mix of carpet, hardwood, exposed concrete, and tile
Plumbing	Assumed to code and typical for a lodging property.
Signage	There is a hanging sign along Route 100.
Parking	Ample surface parking.
Deferred Maintenance	The subject property had an ongoing maintenance program in place. Based on our interview with the property manager and the onsite inspection by the field appraiser, some observable deferred maintenance exists. Further, the property's FF&E would need to be upgraded or replaced to compete with similar assets in the market. The cost to cure these issues has been estimated to be \$12,500 per room or \$150,000.

CONTINUED

Desc

Exhibit Exhibit G - Bank Exhibit No. 3



VIEW OF IMPROVEMENTS FACING NORTH



VIEW OF IMPROVEMENTS FACING NORTHWEST



SITTING AREA



DINING AREA



KITCHEN



TYPICAL GUEST ROOM

CONTINUED

BOS190250



TYPICAL GUEST ROOM



TYPICAL GUEST ROOM



TYPICAL HALLWAY



EXAMPLE OF DEFERRED MAINTENANCE

HORIZON INN

The Horizon Inn has 28 rooms situated along Route 9 in Wilmington. This Inn was acquired by the owner in 2015 for \$545,000 (\$19,464/room) and was not available to the public. The property was utilized as employee housing and has received virtually no property upgrades since its acquisition. The property has a layout which is consistent with other roadside, exterior corridor motel or hotel lodging options in the market. The Inn has a commercial grade kitchen which has not been utilized for several years, a dining room with bar/lounge, small sitting area in the lobby, and an indoor pool which has been drained and is currently utilized for storage. It was reported during the property tour by the manager that a new roof and new heating system would be needed prior to being reopened. Further, it was also reported and observed the property was vandalized in late 2018 which included damage and removal of some of the copper piping. We have made the extraordinary assumption that the Inn will not open until the completion of the pending litigation against the club and its current ownership.

Basic Construction	Wood frame
Foundation	Poured Concrete
Framing	Wood frame
Exterior Walls	Wood siding
Roof	Gabled with asphalt shingles
Insulation	Assumed to code
Heating	Forced water
Air Conditioning	None
Lighting	Incandescent and fluorescent
Interior Walls	Drywall, wood paneling, and wainscoting
Electrical	Assumed to code and typical for a lodging property.
Ceilings	Drywall and acoustic tile
Windows	Glass in wood frame
Doors	Wood with decorative glass
Flooring	Mix of carpet, hardwood, exposed concrete, and tile
Plumbing	Assumed to code and typical for a lodging property.
Signage	There is a hanging sign along Route 100.
Parking	Ample surface parking.
Deferred Maintenance	Based on our interview with the property manager and the onsite inspection by the field appraiser, observable deferred maintenance exists. An estimate from the property manager of approximately \$200,000 to \$250,000 was provided to repair the roof, replace the heating system, and remedy other items. Further, the property's FF&E would need to be upgraded or replaced to compete with similar assets in the market. The cost to cure these issues has been estimated to be \$12,500 per room or \$350,000.

CONTINUED

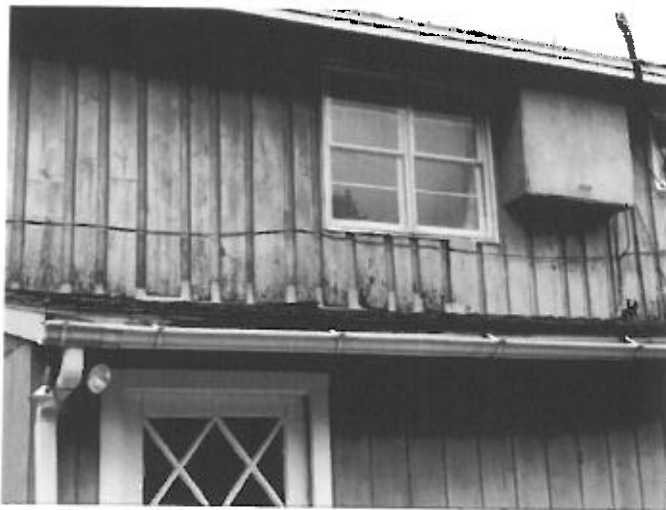
BOS180250



VIEW OF IMPROVEMENTS FACING SOUTHEAST



VIEW OF IMPROVEMENTS FACING NORTHEAST



EXAMPLE OF DEFERRED MAINTENANCE



EXAMPLE OF DEFERRED MAINTENANCE



EXAMPLE OF DEFERRED MAINTENANCE



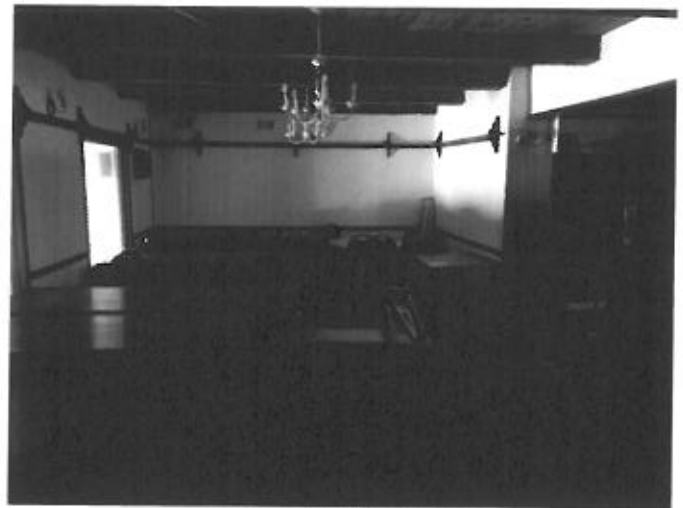
EXAMPLE OF DEFERRED MAINTENANCE

CONTINUED

BOS180250



RECEPTION AND SITTING AREA



DINING AREA AND BAR



KITCHEN



POOL



TYPICAL GUEST ROOM



TYPICAL GUEST ROOM BATHROOM

INTRODUCTION

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. The subject property is located in two towns, Wilmington and Dover. The assessments are not detailed to separate the land and building for all assets, as such we have presented the aggregate taxable assessment for each property. The assessed values and property taxes for the current year are summarized in the following tables.

WILMINGTON ASSESSMENT & TAXES			
Tax Year	2019	Tax Rate	\$1.7689
Tax Rate Area	Town of Wilmington	Taxes Current	Yes
APN	PROPERTY NAME	TAXABLE	BASE TAX
762-242-13511	Horizon Inn	\$800,000	\$14,151
762-242-11593	The Hermitage Golf Club	\$1,400,000	\$24,765
762-242-12368	The Hermitage Club Ski Area, Base Lodge & Chamonix Village	\$18,850,000	\$333,438
762-242-11605	Summit Meadows (Portion)	\$4,500	\$80
762-242-12216	The Hermitage inn (Portion)	\$15,000	\$265
762-242-13682	Glebe Land (Leasehold)	\$624,633	\$11,049
762-242-11597	High Country Land (Portion)	\$6,000	\$106
Totals		\$21,700,133	\$383,854

Source: Town of Wilmington Lister & Treasurer

DOVER ASSESSMENT & TAXES			
Tax Year	2019	Tax Rate	\$1.5479
Tax Rate Area	Town of Dover	Taxes Current	Yes
APN	PROPERTY NAME	TAXABLE	BASE TAX
183-058-12437	Doveberry Inn	\$560,770	\$8,680
183-058-13354	Snow Goose Inn	\$876,460	\$13,567
183-058-12015	The Hermitage Inn (Portion), High Country Land (Portion), Fawn Ridge, Summit Meadows (Portion), Summit Meadows (Portion), Haystack Ski Area (Bear Habitat), Cross Country & Snow Shoe Terrain (Former Fagge Lot #3)	\$3,239,250	\$50,140
Totals		\$4,676,480	\$72,387

Source: Town of Dover Lister & Treasurer

SUBJECT PROPERTY ANALYSIS

The total assessment for the subject property is \$26,376,613. There are no exemptions in place. Total taxes for the property are \$456,241.

According to the staff representatives at both the Dover and Wilmington town offices, the real estate taxes for the subject properties were paid by Berkshire Bank (our client) to avoid tax sales. As of the date of this report the real estate taxes were all reported to be current.

It has also been reported that the entirety of The Hermitage Club holdings (including assets including in the scope of our assignment) account for 15% of the tax roll for the Town of Wilmington. If the Club were to default on payment or experience continued lack of operation and no potential for reopening it would place significant financial burden on the Town, and potentially require an increased tax burden for residents and business owners. This was uncovered to be one of the biggest concerns expressed by Town administrators and business owners.

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized in the following tables:

Town of Dover Zoning

DOVER ZONING SUMMARY		
Municipality Governing Zoning	Town of Dover Planning & Zoning Department	
Current Zoning	Productive Residential (Pro)	Planned Commercial (Com)
Asset Within This District	The Hermitage Inn & Undeveloped Land	Doveberry Inn & Snow Goose Inn
Permitted Uses	Agriculture, child care facility (six or less), single-family dwelling, home occupation, and residential care/group home. Conditional uses include: lodge/inn, bed & breakfast, bar, clubhouse, and private club.	Agriculture, child care facility (six or less), single-family dwelling, home occupation, and professional office. Conditional uses include: bed & breakfast, clubhouse, hotel, lodge/inn, motel, and private club.
Prohibited Uses	Those not listed above, but further enumerated within the zoning ordinance for the town.	Those not listed above, but further enumerated within the zoning ordinance for the town.
Current Use	Lodge/Inn and undeveloped land	Lodge/Inn
Is Current Use Legally Permitted?	No	No
Zoning Change	Not Likely	Not Likely
DOVER ZONING REQUIREMENTS		
Conforming Use	The existing improvements represent a pre-existing, non-conforming use within this zone. (Conditional Uses)	The existing improvements represent a pre-existing, non-conforming use within this zone. (Conditional Uses)
Minimum Site Area Residential (SF)	21,780 SF	217,800 SF
Minimum Site Area Lodge/Inn (SF)	87,120 SF	N/A
Minimum Site Area Bed & Breakfast (SF)	43,560 SF	217,800 SF
Minimum Yard Setbacks		
Front (Feet)	100	50
Front Route 100 (Feet)	50	50
Minimum Lot Frontage	300 Feet	100 Feet
Minimum Lot Depth	300 Feet	100 Feet
Maximum Density Residential (Units/Acre)	2 : 1	0.2 : 1
Maximum Density Lodge/Inn (Units/Acre)	18 : 1	N/A
Maximum Density Bed & Breakfast (Units/Acre)	6 : 1	6 : 1
Maximum Site Coverage	N/A	50%
Maximum Building Height	36 Feet	36 Feet

Source: Town of Wilmington Planning & Zoning Department

Town of Wilmington Zoning

WILMINGTON ZONING SUMMARY

Municipality Governing Zoning
 Current Zoning
 Asset Within This District
 Permitted Uses

Town of Wilmington Planning & Zoning Department
 Resort - Commercial/Residential (R-C/R)
 The Hermitage Club, Chamonix Village &
 Undeveloped Land

Resort - Residential (R-RES)
 Golf Club

Residential (RES)
 Horizon Inn

Dwellings (one or two family, seasonal dwellings, family child care home, group home (1-8 residents), subdivision of land into five or fewer lots. Conditional uses include: lodging, child care facilities, mixed-use, private club, restaurant, snowmaking facility, subdivision of land for more than five lots, and golf course.

Dwellings (one or two family, seasonal dwellings, family child care home, group home (1-8 residents), subdivision of land into five or fewer lots. (Golf course is a permitted by conditional use.)

Dwellings (one or two family, seasonal dwellings, family child care home, group home (1-8 residents), subdivision of land into five or fewer lots.

Prohibited Uses

Those not listed above, but further enumerated within the zoning ordinance for the town.

Those not listed above, but further enumerated within the zoning ordinance for the town.

Those not listed above, but further enumerated within the zoning ordinance for the town.

Current Use
 Is Current Use Legally Permitted?
 Zoning Change

Private Club
 Yes
 Not Likely

Golf Club
 No
 Not Likely

Hotel
 No
 Not Likely

Conforming Use

WILMINGTON ZONING REQUIREMENTS

The existing improvements represent a pre-existing, non-conforming use within this zone. (Conditional Uses)
 43,560 SF

The existing improvements represent a pre-existing, non-conforming use within this zone. (Conditional Uses)
 43,560 SF

The existing improvements represent a pre-existing, non-conforming use within this zone. (Conditional Uses)
 43,560 SF

Minimum Site Area (SF)

Minimum Yard Setbacks

Front (Feet)

Rear (Feet)

Side (Feet)

Maximum Density (Units/Acre)

Minimum Lot Frontage

Minimum Lot Depth

Maximum Building Height

Source: Town of Wilmington Planning & Zoning Department

40

20

20

1 : 1

150 Feet

150 Feet

38 Feet

40

20

20

1 : 1

150 Feet

150 Feet

38 Feet

PROPOSED DEVELOPMENT AND ACT 250 STATUS

The owners of The Hermitage Club proposed an expansive phased development plan for sites which are part of the subject property and several other sites that not part of the collateral holdings for our client. Overall, this development was conceptualized to include approximately 600 single-family, condominium, and hotel units; an expansion of the Deerfield Valley Airport to permit larger aircraft to land; the creation of a private road connecting the airport and ski resort; addition of several ski lifts; and many other on-mountain amenities for members.

As of the date of our inspection the subject's conceptual development for the entire Hermitage Club has not received full approval from either the State of Vermont or the Towns of Wilmington and Dover. Further, the current status of the Act 250 Master Plan submitted by the owner received positive findings for only two criteria (#6 educational services & #7 municipal services) out of a possible 10 main criteria. It should be noted that there are several criteria which have sub-criteria equating to approximately 30 total criteria which **all must have positive findings prior to proceeding with any development**. The partial positive findings were issued in February 2017 and remain in effect for 10 years. Meaning that the two positive findings will not need to be presented or restated until the 10-year period expires while positive findings for the remaining criterion are sought. Discussions with the owner's representative and Stephanie Gile, District 2 Coordinator for the Vermont Natural Resources Board both reported that it took several years for these initial partial findings to be issued. Without positive findings for **all** the Act 250 criteria the owner/developer cannot proceed with any development within the scope of the master plan. Further, approvals for the plan would still need to be achieved at the town level and construction permits also need to be sought (or submitted concurrently) through both the State and towns.

ZONING CONCLUSIONS

Based on the interpretation of the zoning ordinance, the subject property is not an outright permitted use; however, there are circumstances under which the improvements could be rebuilt if unintentionally destroyed. The subject's use predates the current zoning of the site and is considered a pre-existing non-conforming use. The current use is permitted for ongoing use, but is subject for review upon proposed major renovation and/or full redevelopment of the site.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

INTRODUCTION

The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject's competitive position within the marketplace. Below is a list of the various sections covered in the following 0 Market Analysis:

- › National and Local Ski Market
- › National and Local Lodging Market
- › National and Local Golf Market
- › National and Local Residential Market
- › Broker / Market Participant Interviews
- › Subject Property Analysis

NATIONAL SKI & SNOWBOARD RESORTS MARKET OVERVIEW

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject property.

Although lodging facilities are market specific, this section of the report provides an overview of national market trends that influence demand for hotels and motels in the subject's market area. Our analysis includes excerpts and information from IBISWorld Industry Report: *Ski & Snowboard Resorts In the US*.

INDUSTRY PERFORMANCE

EXECUTIVE SUMMARY

The Ski and Snowboard Resorts industry experienced moderate growth over the five years to 2018, despite volatile precipitation rates. Families and individuals have been less averse to increasing their winter vacation budgets due to consistent rises in per capita disposable income. Poor snow conditions brought on by a 15-year low in rainfall over the year resulted in tepid growth over the early half of the five-year period. However, revenue surged in 2013 as a result of a 12.8% increase in the annual precipitation rate over the year. As a result, IBISWorld expects industry revenue to increase at an annualized rate of 1.5% to \$2.8 billion over the five years to 2018. In 2018 alone, revenue is anticipated to increase 1.0%.

Over the past five years, resorts offered more deals for season packages to encourage visitors, even as they invested in more snowmaking equipment and faster lifts, to boost future revenue. Consequently, industry profit is expected to rise and account for 22.6% of revenue in 2018, compared with 15.8% in 2013. The industry continues to undergo consolidation as large operators buy up individual ski resorts or send small operators out of business. The industry is highly competitive, and some of the smaller resort operators have found it hard to remain viable without the same scale and access to capital as well-funded operators, such as Vail Resorts (Vail) and Alterra Mountain Company. Due to this consolidation, the number of industry operators is expected to marginally decrease at an annualized rate of 0.7% to 335 enterprises over the five years to 2018.

The industry is highly vulnerable not only to spending patterns, but also to climate change. This raises some concern about the future of ski resorts. Industry operators have responded by initiating various programs to reduce greenhouse gas emissions and educating their visitors to do the same. The National Ski Areas Association has led this movement with its Environmental Charter, which outlines guidelines and best practices for ski resort operation. Larger companies, such as Vail, are also expected to continue adding snowmaking capabilities to limit their risk in the industry. Improved technology, energy efficiency and demand will result in

revenue growth over the next five years. IBISWorld projects industry revenue to grow at an annualized rate of 0.8% to reach \$3.0 billion over the five years to 2023.

KEY EXTERNAL DRIVERS

Domestic trips by US residents

The greater the number of visitors at ski and snowboard resorts, the greater the likelihood that tourists will book a lengthier ski package. Therefore, people not only spend more on lift tickets but also on food, equipment rentals, ski school and other industry services. As a result, rising domestic travel activity typically drives revenue growth for the industry. In 2019, the number of domestic trips by US residents is expected to increase.

Time spent on leisure and sports

The more leisure time people have available, the more likely they will be able to take vacations and additional time off to ski. When leisure time declines, resort attendance falls and industry revenue suffers. In 2019, time spent on leisure and sports is expected to increase, representing a potential opportunity for industry operators.

Average annual precipitation

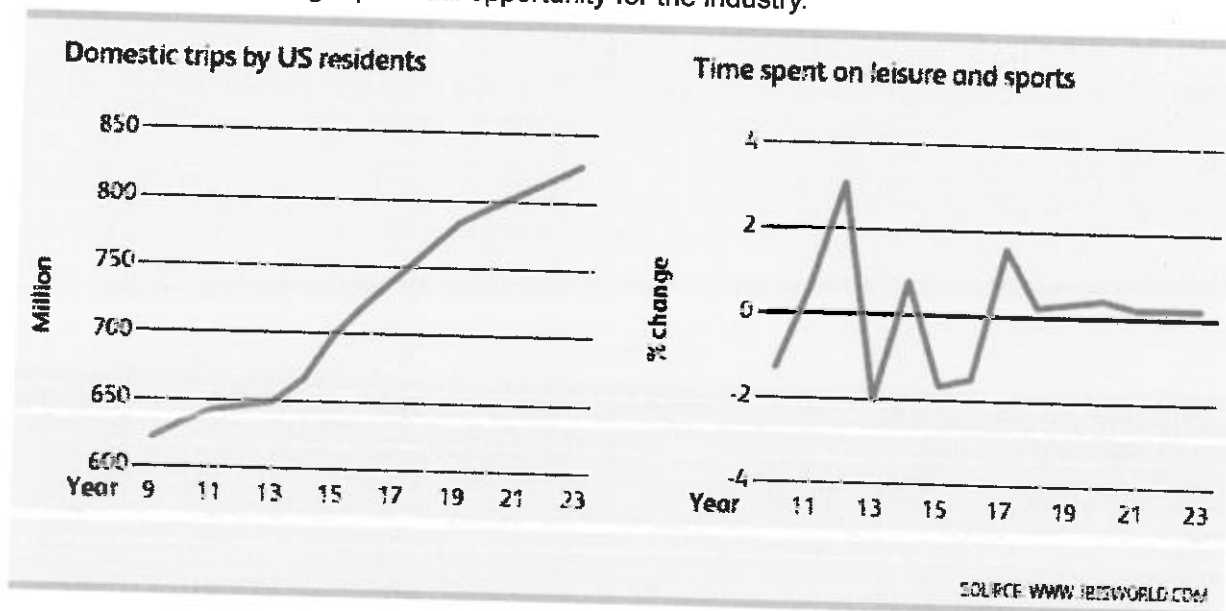
The amount of rainfall serves as a proxy for the amount of snowfall in the mountains in any given year. Seasons with a lot of snow result in more visits to ski resorts because better snow conditions results in a better snow sport experience. Additionally, international visitors are also more likely to visit US resorts during a good snow season. Lastly, high rainfall minimizes the use of snowmaking machines, which can be costly to operate. In 2019, average annual precipitation is anticipated to decline, representing a potential threat to the industry.

Per capita disposable income

Expenditure on skiing and snowboarding generally increases as household disposable income rises. As disposable income grows, it translates into more time and money spent on ski holidays and weekend trips, which benefits industry operators. Per capita disposable income is anticipated to increase in 2019.

Inbound trips by non-US residents

Foreign tourists generate an increasing proportion of income for ski resorts. People who previously took trips to ski resorts in Canada are now finding better deals in the United States, generating increased visitor numbers domestically, driving up industry revenue. The number of inbound trips by non-US residents is projected to increase in 2019, representing a potential opportunity for the industry.



CURRENT PERFORMANCE

The Ski and Snowboard Resorts industry has experienced moderate growth over the five years to 2018, as the economy has flourished. Consumer spending has increased and increases in foreign and domestic tourism have encouraged more consumers to spend on the slopes. Overall, ski resorts have recorded steady revenue growth, which has been supported by relatively consistent visitor numbers and successful marketing efforts by ski resorts. Additionally, there were two years of the Winter Olympics during the five-year period, increasing consumer interest in winter sports such as skiing and snowboarding.

Over the five years to 2018, the industry has benefited from a rebound in per capita disposable income. As Americans remained wary of more prohibitive expenses, such as long-term trips, prior to the five-year period, winter vacations and weekend getaways were sacrificed. This trend saw a reversal in 2013, when the industry experienced a 12.8% increase in precipitation. After three years of light snow, consumers flocked back to ski resorts, increasing the number of visits to ski resorts 11.7% and increasing revenue 8.1% in that year alone. While a projected decrease in the rate of precipitation over 2018 is expected to pose a challenge to industry operators, increased revenue per consumer and more efficient snowmaking technology, installed by many major industry players, is expected to drive revenue up an additional 1.0% over the year. Over the five years to 2018, industry revenue is expected to increase at an annualized rate of 1.5% to \$2.8 billion.

Industry growth

Ski resorts range from small operations, which cater primarily to day skiers from nearby population centers, to larger resorts that attract both day skiers and destination resort guests. Destination guests generate significantly higher resort operating revenue per day than day skiers because of their additional spending on food, beverages and other retail and rental items over multiple days. Although lodging and accommodations are not included in this industry, they have a significant impact on industry trends and profit margins because many ski resort operators also own nearby hotels and real estate.

Significant barriers to entry characterize the industry because the number of suitable sites is limited, the cost of resort development is high and environmental regulations impose significant restrictions on new development. Over the five years to 2018, many operators have grown through acquisition rather than opening new establishments due to the high cost of development. Additionally, many smaller resorts have begun to suffer from volatility in weather and increasing competition from major industry operators. Consequently, despite increasing industry revenue, some of these smaller establishments have been forced to sell to one of the major players or close down.

Over the past decade, large companies have sought to expand their portfolio of ski resorts to raise their profitability in the long term through efficiencies gained in operating multiple resorts. The number of ski resort locations in the United States is expected to decrease an annualized 0.8% during the five-year period, falling slightly from 379 locations in 2013 to 364 in 2018. As many of these establishments are single-establishment operations, the number of industry operators is also expected to decrease slightly at an annualized rate of 0.7% to 335 companies in 2018. As establishments are decreasing at a marginally faster pace than operators, IBISWorld projects technological advances and rising infrastructure costs to be the primary reasons for increasing concentration, and further consolidation is possible as smaller regional resorts are acquired by larger resort operators with more sophisticated management capabilities.

This decline in industry establishments over the period also caused a reduction in the number of industry employees. Over the five years to 2018, industry employment is projected to decrease at an annualized rate of 1.7% to 71,987 workers during the five-year period. However, absolute wages are expected to increase as domestic unemployment decreases limiting the available labor supply and forcing operators to pay more to attract necessary workers.

Profit

Large companies typically have better access to the capital needed for investments in ski lifts, snowmaking machines and more. This creates a disadvantage for smaller operators as they have fewer capital funds to draw. Increasingly, large resorts offer multi-resort passes, which provide another advantage over small resort operators, particularly in the market for destination skier visits. However, better deals, higher spending on equipment and weather uncertainty have resulted in profit volatility over the past five years. Nevertheless, in 2018, ski resort profit margins are expected to account for 22.6% of industry revenue, up from a high of 15.8% in 2013. This boost in profit margins has encouraged many large operators to increase their capital investment over the five-year period, improving their infrastructure and equipment to attract more consumers.

This increasing profit margin was jeopardized by low snowfall during the 2014 and 2016 seasons. This diminished accumulation placed pressure on industry profit margins, as operators had to use snowmaking machines more extensively, which contributed to higher energy costs. Additionally, skier visits declined in those years, further diminishing earnings in those years. Nonetheless, over the five years to 2018, an annualized 3.3% increase in domestic trips by US residents helped to sustain growth for industry operators.

Climate change

Global climate change is a major threat to the industry, and many resorts are taking action to reduce their own greenhouse gas (GHG) emissions and educate visitors about the issue. The National Ski Areas Association (NSAA) is leading this effort with its Sustainable Slopes program, which was established in 2000. Sustainable Slopes is an environmental charter for ski areas, and participation is voluntary. The program outlines environmental practices and guidelines that ski resorts can use to save energy and natural resources, protect wildlife and their habitats and educate guests on environmental stewardship.

More than 200 resorts endorsed the environmental charter. The main focus of Sustainable Slopes over the past five years has been to promote renewable energy purchases and development by resorts. Currently, 68 resorts purchase green energy for their operations through renewable energy credits. More than 55.0% of these resorts are offsetting 100.0% of their GHG emissions, effectively avoiding 499.5 million pounds of carbon dioxide.

The Annual Sustainable Slopes report outlines resorts' progress toward implementing the environmental principles of the charter and sets goals for the future. Resorts are using various strategies to reduce GHG emissions, such as switching over to biofuels to run snowmobiles, installing wind turbines and solar arrays, promoting public transport, implementing recycling programs and many other initiatives. Investments have resulted in cost savings for the industry. For example, Aspen Skiing Company implemented waste methane capture technology to generate sufficient electricity to power its operations.

INDUSTRY OUTLOOK

The Ski and Snowboard Resorts industry is expected to continue growing modestly over the five years to 2023, albeit at a slower pace than the previous five-year period. As per capita disposable income continues to increase, many Americans will continue to spend on vacations and activities such as skiing and snowboarding. As a result, the number of domestic trips taken by US residents is expected to climb an annualized 1.6% over the five years to 2023. Similarly, according to the National Ski Areas Association, visitor numbers to ski resorts are projected grow during the five-year period, predominantly in the Rocky Mountain and Pacific West regions. However, projected declines in the average annual precipitation rates are expected to hamper revenue growth somewhat. Overall, industry revenue is forecast to rise at an annualized rate of 0.8% to \$3.0 billion over the next five years.

Over the next five years, the number of smaller operators is expected to relatively stagnate, while larger operators are expected to continue to expand and benefit from greater economies of scale. Overall, the number of industry operators is projected to grow, at a slight annualized rate of 0.1% to total 336 companies during the five-year period. Operators will become larger by acquiring others or expanding their existing operations in lieu of new development. In a continuation of a well-established trend, smaller operators are expected to find it too difficult to compete with the larger companies because they will not have sufficient funds to purchase the necessary technology to run a ski resort at its maximum potential, often failing to make large capital investments to repair or renovate existing infrastructure.

Shifting workforce

In line with the increases in industry establishments, the number of industry employees is forecast to increase at an annualized rate of 0.5% to 73,645 workers over the five years to 2023. A major challenge for the next five years will be the recruitment of qualified employees as technological advances reduce the need for lower-skilled positions. Due to demand for skilled labor, average wages are anticipated to increase, causing wages' share of revenue to rise slightly. Total industry wages are expected to increase at an annualized rate of 0.6% to \$986.7 million by 2023.

Growing wage costs are projected to put downward pressure on profit. Additionally, further investment into more technologically advanced snow production machines, lifts and other related infrastructure, will also affect profit margins. Many major players have announced plans to severely increase their capital expenditure over the five years to 2023 in an effort to revitalize their consumer based and attract new visitors. Many of these expenditures will also be on snowmaking machines to help combat the volatility of precipitation between seasons and create more consistent cash flows. Companies will forgo some discounting practices, which will help mitigate these effects for ski resorts. Moreover, the number of destination visitors who visit ski resorts during planned vacations is anticipated to grow over the next five years. The steadily recovering global economy will make individuals more willing to travel for vacation. These customers are typically less price-conscious than local visitors, which will benefit profit margins.

More business

Interest in skiing and snowboarding is anticipated to rise over the next five years, partly due to price cuts over the previous five years that made it easier for individuals to take lessons and experience snow sports. Moreover, as ski equipment becomes less costly due to lower-priced imports, more people will be willing to take up skiing. In addition, more ski companies will offer season passes, which lowers the price per attendance and encourages additional spending at the facilities. The increase in visibility of the sports will also help increase consumer interest, particularly among younger consumers. In 2018, the American team had two snowboarders under the age of 18 that each won a gold medal. Seeing the success of younger athletes, many young individuals may be more interested in learning to ski and snowboard in upcoming seasons.

Advances in ski and snowboard equipment technology will help boost participation levels. Broader trends benefiting the industry include a greater focus on leisure and fitness across the country, with the emergence of the echo boom generation (children of baby boomers) as a significant economic force. This demographic is just beginning to enter the prime entry age for skiing, snowboarding and other snow sports.

Environmental concerns

Despite technological improvements in snow machines, this industry will remain dependent on weather conditions for optimal snow quality. While annual average rainfall is projected to slightly decrease over the five years to 2023, the large droughts during the previous five-year period still a cause of concern for industry operators. This is especially important in relatively southern regions, such as California. According to the Environmental Protection Agency, climate change is likely to reduce rainfall in southern regions while

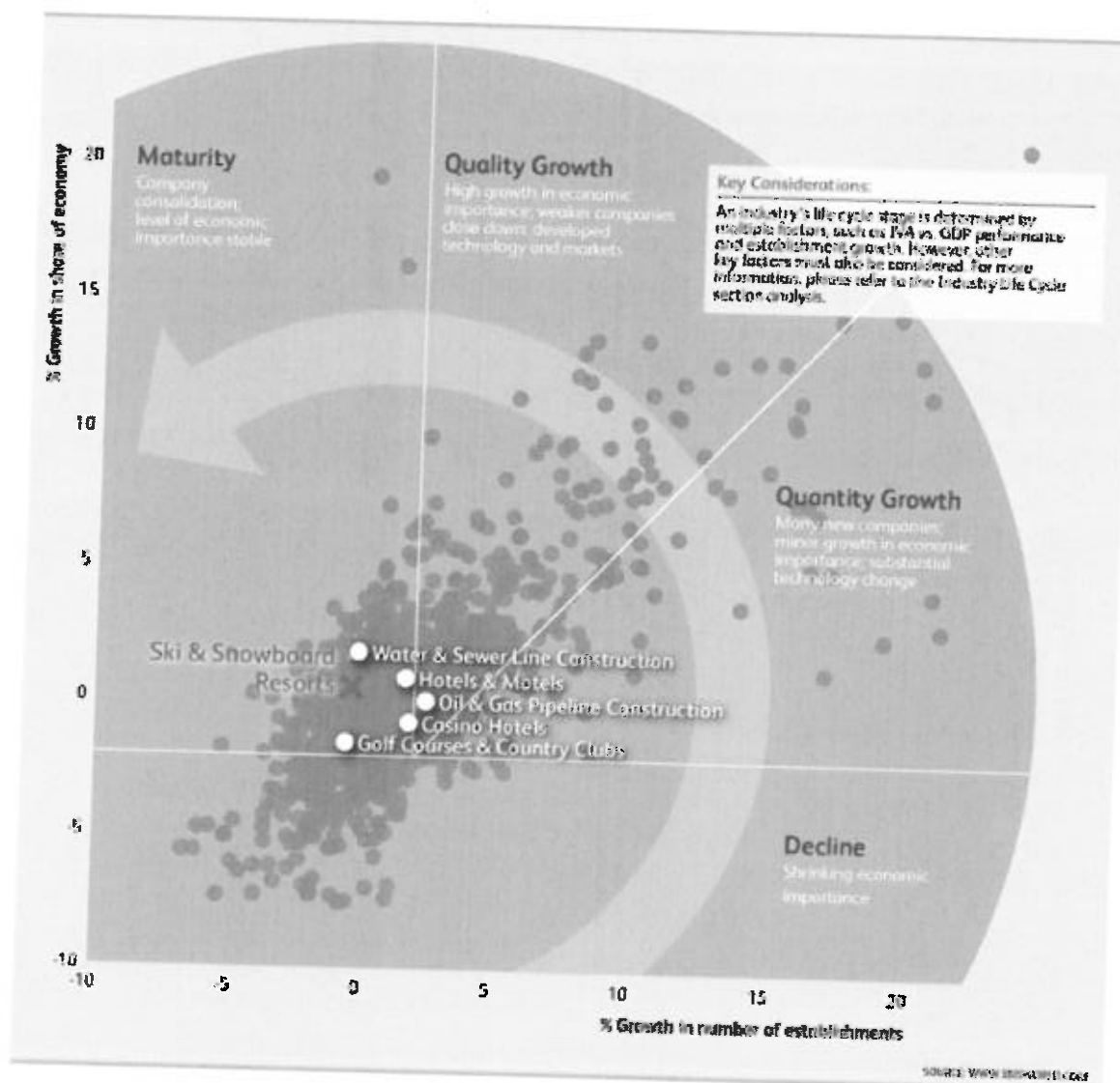
increasing rainfall in northern regions. As a result, some industry operators may experience higher costs related to maintaining and producing quality snow conditions.

INDUSTRY LIFE CYCLE

The Ski and Snowboard Resorts industry is in the mature stage of its life cycle. Industry value added (IVA), which measures this industry's contribution to the economy, is forecast to increase at an annualized rate of 2.7% in the 10 years to 2023. Over the same period, gross domestic product (GDP) is anticipated to grow an annualized 2.2%. As the growth rates are relatively similar, it suggests that the industry is forecast to grow in line with the overall economy. Furthermore, it shows that ski and snowboard resorts' importance has remained relatively steady. Therefore, the industry exhibits all other characteristics of a mature industry.

As competition intensifies, players such as Vail, which operate multiple ski resorts, will offer multi-resort lift passes to achieve higher profit margins through economies of scale. Smaller players will find it increasingly difficult to compete against large competitors because of the capital requirements to operate a resort at full capacity. With less access to capital, smaller players cannot keep up with cost-saving initiatives and may be forced to merge with large players or exit the industry. One example of the continued consolidation in the industry is the acquisition of Intrawest Corporation by private equity firms that consolidated several ski resorts under the name Alterra Mountain Company. Steady consolidation and focus on economies of scale is representative of mature industries.

Demand for skiing and snowboarding facilities is forecast to rise; using data from the National Ski Areas Association (NSAA), the number of annual skier visits is projected to grow over the five years to 2023. Additionally, improvements in snowmaking technology will enable industry operators to mitigate poor weather conditions, extending annual snow seasons. Finally, there will always be some demand for outdoor recreational sports, which contributes to the long-term health of this industry. Stable long-term demand suggests that the industry is mature.



PRODUCTS & SERVICES

Skiing facilities

Skiing facilities are the primary products offered by the Ski and Snowboard Resorts industry. Industry operators offer general lift tickets and season passes to customers that want to use skiing facilities. Lift tickets are often packaged with accommodation offers to maximize total revenue. However, this industry does not generate revenue from accommodations, as other companies often own hotels.

Resorts also sell season passes, which give users unlimited access to ski facilities for a fixed period. Skiing facility companies that operate several resorts often offer deals for skiers to ski at any of their resorts during the ski season. Although these are popular with large resorts, many small ski facilities only offer daily lift tickets. Over the past five years, revenue generated from skiing facilities increased. As disposable income stagnated, skiers focused on skiing instead of spending money on other auxiliary services. However, low rainfall and snowfall in 2013 and 2016 slightly lowered revenue generated from skiing facilities. In 2018, skiing facilities are estimated to generate 59.2% of revenue.

Food and beverages

Most operators own and operate a substantial proportion of the food and beverage facilities at their resorts. Resorts typically offer a variety of restaurants, bars, cafes, cafeterias, and other food and beverage outlets to

capture a large proportion of guest spending. Over the past five years, food and beverage revenue has increased as resorts renovate and refurbish their foodservice facilities, often scaling up their services to offer more mid-scale and high-end products. This has enabled many resorts to place slightly higher premiums on their food services over the past five years. In 2018, food and beverages are estimated to account for 11.2% of revenue.

Ski schools

Industry operators run ski and snowboard schools to provide instruction to customers. Instruction is provided for ski, snowboard, snowshoe and other alpine activities. Most skiing facilities offer a variety of skier and snowboarder development programs for young children, teenagers and adults, through either group or individual lessons. Over the past five years, revenue from ski schools has remained stable as it is essential for new skiers. Ski school revenue slightly declined when attendance fell over the early half of the five-year period but has steadily recovered to over the years. This business segment is estimated to generate 8.2% of revenue in 2018.

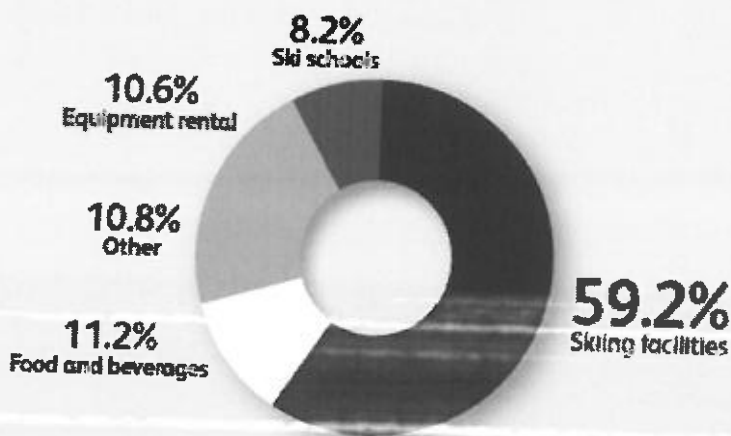
Equipment rentals and merchandise

Many resort operators own retail and ski rental shops at or near their resorts. Typically, industry operators have a larger number of retail locations to take advantage of large quantity purchase agreements and sponsorship relationships. Shops sell ski equipment and accessories such as skis, snowboards, boots, goggles, sunglasses, hats, gloves and outerwear. Stores also sell branded apparel, which generally has higher profit margins than other retail products. In nonwinter seasons, shops sell mountain bikes, skates, tennis equipment and warm weather apparel. Equipment rentals and merchandise sales are estimated to account for 10.6% of revenue. Over the past five years, sales declined as a share of revenue while rentals increased, as people saved money by using older equipment and postponing purchasing new gear or purchased gear at online retailers.

Other

Other products include summer activities and private events. These include chairlift and gondola rides and mountain biking. Over the past five years, industry operators expanded other offerings to attract more customers during the off-season. Consequently, other products' share of revenue slightly increased. In 2019, other products are estimated to account for 10.8% of revenue.

Products and services segmentation (2018)



Total \$2.8bn

SOURCE: WWW.IRISWORLD.COM

Key Statistics

Industry Data

	Revenue (\$B)	Industry Value Added (\$B)	Establish- ments	Enterprises	Employment	Exports	Imports	Wages (\$B)	Domestic Demand	Inbound trips by non-US residents MM
2009	2,532.6	1,231.1	371	339	77,306	-	-	768.9	N/A	18.2
2010	2,527.7	1,251.7	382	340	81,379	-	-	827.3	N/A	18.8
2011	2,523.9	1,265.9	379	345	81,227	-	-	845.7	N/A	18.6
2012	2,434.3	1,248.0	377	347	74,246	-	-	787.7	N/A	19.3
2013	2,631.4	1,442.0	379	347	78,923	-	-	838.2	N/A	19.3
2014	2,680.5	1,475.1	385	355	75,036	-	-	846.7	N/A	20.4
2015	2,702.1	1,581.0	379	340	73,048	-	-	860.3	N/A	21.0
2016	2,839.2	1,704.6	370	340	73,654	-	-	891.6	N/A	21.7
2017	2,811.8	1,516.7	365	336	71,613	-	-	950.3	N/A	22.2
2018	2,840.5	1,829.6	364	336	71,487	-	-	957.3	N/A	22.7
2019	2,875.1	1,845.1	365	337	72,571	-	-	958.3	N/A	23.3
2020	2,895.8	1,952.0	343	336	72,794	-	-	971.3	N/A	23.9
2021	2,918.0	1,955.2	345	335	73,002	-	-	976.3	N/A	24.5
2022	2,926.2	1,863.3	357	337	73,296	-	-	980.8	N/A	25.2
2023	2,958.5	1,873.2	368	335	73,565	-	-	986.7	N/A	25.9
Sector Rank	17/19	16/19	18/19	19/19	14/19	N/A	N/A	17/19	N/A	N/A
Economy Rank	642/696	562/696	634/696	612/696	376/696	N/A	N/A	562/696	N/A	N/A

Annual Change

	Revenue %	Industry Value Added %	Establish- ments	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Inbound trips by non-US residents
2010	-1.7	1.5	3.2	2.7	5.5	N/A	N/A	7.5	N/A	1.0
2011	-2.3	1.1	-0.8	0.6	-0.4	N/A	N/A	2.9	N/A	0.6
2012	-3.7	0.5	-0.5	0.6	-8.6	N/A	N/A	-9.5	N/A	3.8
2013	8.1	7.0	0.5	0.0	3.3	N/A	N/A	9.2	N/A	0.0
2014	2.2	2.3	1.8	2.6	-4.5	N/A	N/A	1.0	N/A	5.7
2015	0.5	7.2	-3.1	-3.7	-2.4	N/A	N/A	1.9	N/A	0.6
2016	0.8	7.8	-0.8	-0.9	0.6	N/A	N/A	3.0	N/A	2.3
2017	-4.3	5.5	-1.6	-1.2	-2.8	N/A	N/A	6.6	N/A	3.2
2018	1.0	0.7	0.3	0.3	0.2	N/A	N/A	0.7	N/A	2.8
2019	1.2	0.5	0.5	0.6	0.8	N/A	N/A	1.0	N/A	2.2
2020	0.7	0.4	-0.3	-0.3	0.3	N/A	N/A	0.5	N/A	2.6
2021	0.7	0.2	0.0	-0.3	0.4	N/A	N/A	0.5	N/A	3.7
2022	0.7	0.4	0.5	0.6	0.3	N/A	N/A	0.5	N/A	2.6
2023	0.8	0.5	0.3	0.1	0.3	N/A	N/A	0.6	N/A	2.9
Sector Rank	14/19	15/19	17/19	17/19	15/19	N/A	N/A	15/19	N/A	N/A
Economy Rank	472/696	493/696	527/696	512/696	493/696	N/A	N/A	497/696	N/A	N/A

Key Ratios

	IVA/Revenue %	Imports/ Domestic %	Exports/ Revenue %	Revenue per Employee (\$1,000)	Wages/Revenue %	Employees per Est.	Average Wages (\$)	Share of the Economy %
2009	47.03	N/A	N/A	34.05	29.12	208.27	9,919.62	0.01
2010	48.37	N/A	N/A	31.74	31.97	213.48	10,146.67	0.01
2011	50.57	N/A	N/A	31.13	32.59	214.22	10,438.50	0.01
2012	52.39	N/A	N/A	32.79	31.54	196.94	10,339.95	0.01
2013	50.90	N/A	N/A	33.48	31.55	207.87	10,685.31	0.01
2014	54.97	N/A	N/A	35.50	31.49	194.90	11,280.42	0.01
2015	58.51	N/A	N/A	36.29	31.02	195.23	11,280.53	0.01
2016	58.00	N/A	N/A	39.50	30.22	199.08	12,106.43	0.01
2017	56.51	N/A	N/A	39.26	33.80	195.20	12,069.34	0.01
2018	54.50	N/A	N/A	39.46	33.70	197.77	12,296.85	0.01
2019	54.17	N/A	N/A	39.62	33.63	198.26	12,277.50	0.01
2020	53.95	N/A	N/A	39.73	33.54	199.44	13,242.13	0.01
2021	53.62	N/A	N/A	39.37	33.42	200.17	13,255.62	0.01
2022	52.46	N/A	N/A	40.06	33.40	199.72	13,291.35	0.01
2023	53.32	N/A	N/A	40.17	33.35	201.22	13,281.15	0.01
Sector Rank	2/19	N/A	N/A	19/19	7/19	3/19	18/19	16/19
Economy Rank	34/696	N/A	N/A	679/696	130/696	26/696	672/696	558/696

Figures are in inflation adjusted 2015 dollars. Data refers to 2016 data.

SOURCE: WWW.BANKOFAMERICA.COM

LOCAL SKI COMPETITION

Competition between ski resorts is based on various factors including the quality of skiing available, resort facilities, the range of services offered, weather conditions, proximity to transport networks and population centers, customer service, pricing and loyalty programs. Resort facilities include lifts, dining and lodging options, shops and so on. Resort operators invest in developing and maintaining facilities to draw visitors, and the range of services on offer is another important factor here. In terms of ski areas, the quality of the terrain, coverage and effectiveness of snowmaking machines and grooming of the runs is very important. Weather conditions will strongly affect the quality of the slopes, and this is a major point of advantage for some resorts. The incline of the slopes and difficulty of the terrain will influence patronage. Resorts with the steepest runs will draw dedicated skiers and snowboarders, whereas resorts with a variety of runs of different difficulty levels will be attractive to a broader range of visitors.

Geographic proximity to airports, population centers, and major towns is a competitive advantage for ski resorts, which attract visitors by promoting the ease of travel to their resort. The availability and cost of transportation to and within a resort can form a competitive advantage. This includes direct flights offered by major airlines for destination travelers.

The pricing of lift tickets and where applicable memberships can be a point of competition between resorts. Ski resorts also promote the unique characteristics of their resort and use customer loyalty programs to develop a loyal base of repeat customers. In connection to this, customer service is essential for creating and retaining customer loyalty.

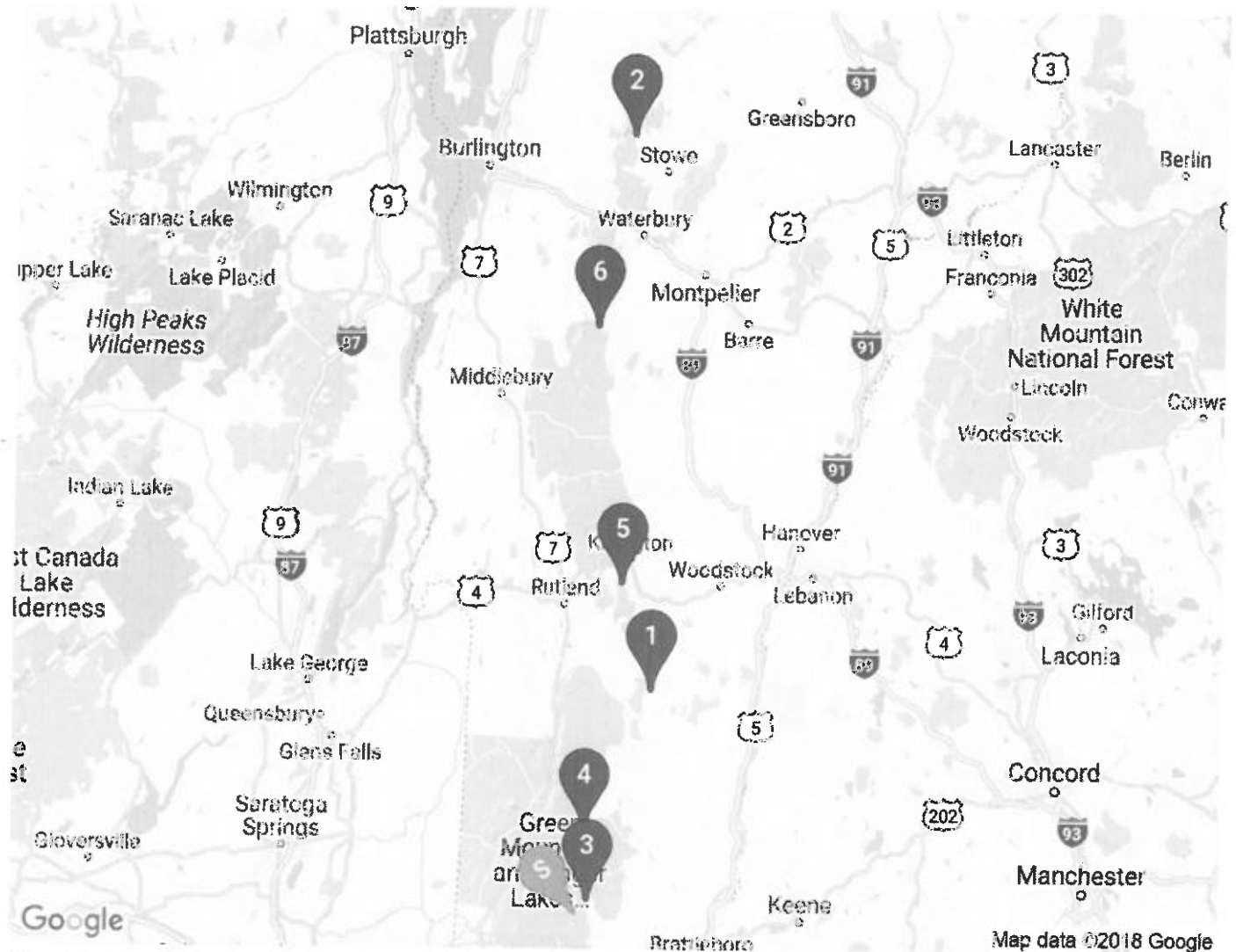
As the subject represents a private ski resort, it does not compete directly with other ski mountains proximate to the Southern Vermont region. The two closest mountains to the subject are Mt. Snow and Stratton which are considered to be superior ski options to the subject. Due to the size of Haystack Mountain and its elevation, it is not regarded as one of the more substantial ski areas in the state. If the club were to open to the public it would likely be priced slightly below Mt. Snow given its location, and fewer number of runs and other desirable ski terrain features.

Overall, primary ski competition in the market include Okemo, Stowe, Mt. Snow, Stratton, Killington, and Sugarbush. As previously discussed, the region relies on clusters of population New York City, Boston, Fairfield County Connecticut, and Westchester County New York for the long-term success of the ski and resort market. Geographically, the mountains towards the southern portion of Vermont are considered more desirable given reduced travel times; however, with an increased travel time north, skiers can enjoy a broader range of ski activities, more challenging terrain, and a longer season. These factors often result in a tradeoff for potential consumers, but it was uncovered that once a location has been visited consistently, skiers will typically not change their destination. This requires mountains and resorts to constantly improve their facilities, offer lift and season specials, and/or increase the on-mountain amenities. Relative to on-mountain amenities, the subject's conceptual development would far exceed that of the competing ski mountains in the region.

The following map depicts the previously discussed ski resorts.

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COMPETITIVE SKI MOUNTAINS

#	MOUNTAIN	LOCATION	DIST.		ELEVATION (FEET)			TRAILS		
			FROM SUBJ.	BASE	SUMMIT	VERTICAL DROP	NUMBER	LONGEST	TERRAIN CLASS*	LIFTS
S	The Hermitage Club	Wilmington	-	1,800	3,445	1,645	40		25%/40%/35%/0%	5
1	Okemo Mountain Resort	Ludlow	34.3 Miles	1,144	3,344	2,200	121	3.0 Miles	32%/36%/25%/7%	20
2	Stowe Mountain Resort	Stowe	111.3 Miles	2,035	4,395	2,360	116	3.7 Miles	16%/55%/15%/15%	12
3	Mount Snow	Dover	3.1 Miles	1,900	3,600	1,700	71	3.0 Miles	18%/62%/18%/1%	20
4	Stratton Mountain	Stratton	13.4 Miles	1,872	3,875	2,003	97	3.0 Miles	41%/31%/17%/11%	11
5	Killington Resort	Killington	48.5 Miles	1,165	4,241	3,076	155	6.0 Miles	28%/33%/24%/15%	21
6	Sugarbush	Warren	84.6 Miles	1,483	4,083	2,600	111	3.0 Miles	23%/42%/27%/7%	16

*Beginner/Intermediate/Advanced/Expert

The table above summarizes the subject's competitive ski trade area. The ski resorts are spread throughout Vermont from the subject (southernmost point) up to Stowe Mountain, approximately 110 miles north of the subject. The presented reports provide various levels of terrain for all levels of skiers, as well as many offering other slope side and off-slope amenities including: snow tube parks, half-pipes, terrain parks, snowmobiling, cross country trails, restaurants, spa services, fitness centers, and among other amenities. Lift passes vary from resort to resort, but typically cluster around \$100 per weekend day for adults and season passes ranging

from \$799 to \$1,209 per adult. The rates for the most recent 2018 season are summarized in the following table, as the 2019 rates are not yet available for most if not all of the resorts.

COMPETITIVE SKI MOUNTAINS RATES - DAY & SEASONAL (2018)

MOUNTAIN	DAY PASSES*				SEASON PASSES			
	CHILD	JUNIOR	ADULT	SENIOR	CHILD	JUNIOR	ADULT	SENIOR
Okemo Mountain Resort	\$84	\$89	\$110	\$89	\$809	\$899	\$1,209	\$719
Stowe Mountain Resort	-	\$84	\$99	\$92	\$469	-	\$899	-
Mount Snow	-	\$80	\$100	\$80	-	\$599	\$829	-
Stratton Mountain	\$10	\$90	\$115	\$90	\$549	\$819	\$999	-
Killington Resort	-	\$89	\$115	\$98	\$569	\$629	\$939	\$569
Sugarbush	-	\$99	\$119	\$99	\$349	\$349	\$799	\$699
AVERAGE	\$47	\$89	\$110	\$91	\$549	\$659	\$946	\$662

*Weekend day passes where applicable. Other rates for weekday, half-day, and two-day passes may be available.

As previously discussed, the day rates for ski resorts are generally in line with each other; however, the season passes tend to vary based on amenities offered at each resort.

The subject represents one of the smaller ski resorts in the trade area; however, the conceptualized private operation of the club eliminates the congestion and overcrowding often experienced on peak times at other resorts. Further, the full-service amenities offered by the subject property provide an experience not available at other resorts in the region. There are a few private clubs attached to ski resorts in Vermont, as well as one other fully private ski mountain that does not yet have any amenities aside from skiing. The following table summarizes these private clubs, as well as the subject.

SKI MOUNTAIN MEMBERSHIP RATES

MOUNTAIN	INITIATION FEE	ANNUAL DUES	TOTAL MEMBERSHIPS	CURRENT MEMBERSHIP
The Hermitage Club	\$50,000 - \$65,000	\$15,000	1,500	450 - 500
Plymouth Notch	\$12,500 - \$24,500	\$6,000	250 - 350 Families	25 Families
Stratton Mountain Club	\$75,000	\$299 - \$1,700	320	320
Stowe Mountain Club	\$15,000 - \$150,000	\$4,800 - \$10,000	450+	400

The subject property represents the largest full-service private ski resort in Vermont, and one of only two private ski resorts in the United States. Stratton Mountain Club and Stowe Mountain Club offer memberships through on-mountain residences with access to member only facilities, as well as preferred scheduling for golf, spa, and dining options. Plymouth Notch is a fully private ski mountain, with no amenities or ski lifts and a significantly limited membership.

The operating documents of The Hermitage Club permit up to 1,500 memberships. Based on the club operation through 2017, it was estimated that the ideal membership level is between 900 and 1,000 total members. However, for the club to breakeven between 600 and 650 memberships are needed.

Membership fees started at \$65,000 the first year of operation, with annual dues of \$6,500. In the years that followed, the initiation cost increased by \$10,000 per year through 2017 cresting to \$85,000. During this time the annual dues increased \$1,000 per year. As the club started to have financial struggles the membership fee was reduced, with credits for food and services provided to members who had signed up at the previously higher rate. Annual dues were also increased with the most recent year's operation seeking to collect \$10,000 in dues per existing member.

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Memberships at the subject increased year over year through 2017, with 112 memberships sold in 2016, (the peak) 569 members at the end of the 2017-2018 season. Due to the financial struggles, current shut down of the club, and pending lawsuits most if not all of the members have ceased payment of dues and there have been no new membership sales permitted since March 2018. Further, it is highly probable that a significant level of attrition of existing members will occur during the shutdown and potential reopening.

In consideration of these factors a substantial amount of external obsolescence exists for the subjects ski and Base Lodge operation. This has been considered and discussed in further detail in the Cost Approach analysis.

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NATIONAL LODGING MARKET ANALYSIS

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject property.

Although lodging facilities are market specific, this section of the report provides an overview of national market trends that influence demand for hotels and motels in the subject's market area. Our analysis includes excerpts and information from IBISWorld Industry Report: *Hotels & Motels in the U.S.*, PricewaterhouseCoopers: *Hospitality Directions in the U.S.* and STR, Inc.

NATIONAL LODGING HIGHLIGHTS

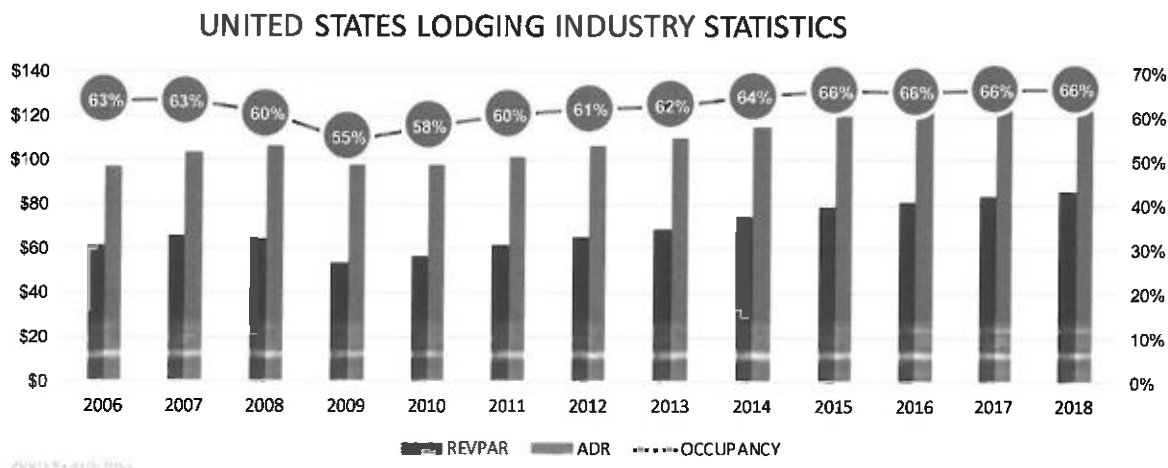
Smith Travel Research Data

Smith Travel Research (STR) trends in the US hospitality market over the past 15 years are shown below.

UNITED STATES LODGING INDUSTRY STATISTICS											
YEAR	ROOMS	SUPPLY	%CHG	DEMAND	%CHG	OCCUPANCY	%CHG	ADR	%CHG	REVPAR	%CHG
2004	4,410,565	1,609,856,123	0.5%	987,155,138	4.1%	61.3%	3.6%	\$86.26	4.1%	\$52.90	7.9%
2005	4,413,981	1,611,095,859	0.1%	1,016,609,518	3.0%	63.1%	2.9%	\$90.95	5.4%	\$57.39	8.5%
2006	4,439,785	1,620,521,609	0.6%	1,027,327,729	1.1%	63.4%	0.5%	\$97.31	7.0%	\$61.69	7.5%
2007	4,468,168	1,630,881,234	0.6%	1,030,858,746	0.3%	63.2%	(0.3%)	\$103.55	6.4%	\$65.46	6.1%
2008	4,586,277	1,673,991,040	2.6%	1,011,561,443	(1.9%)	60.4%	(4.4%)	\$106.48	2.8%	\$64.34	(1.7%)
2009	4,734,417	1,728,062,260	3.2%	952,266,656	(5.9%)	55.1%	(8.8%)	\$97.47	(8.5%)	\$53.71	(16.5%)
2010	4,827,455	1,762,020,903	2.0%	1,014,568,881	6.5%	57.6%	4.5%	\$97.95	0.5%	\$56.40	5.0%
2011	4,842,069	1,767,355,160	0.3%	1,062,135,606	4.7%	60.1%	4.4%	\$101.57	3.7%	\$61.04	8.2%
2012	4,848,248	1,769,610,554	0.1%	1,087,435,148	2.4%	61.5%	2.3%	\$106.05	4.4%	\$65.17	6.8%
2013	4,885,308	1,783,137,587	0.8%	1,110,527,243	2.1%	62.3%	1.3%	\$110.31	4.0%	\$68.70	5.4%
2014	4,923,033	1,796,907,059	0.8%	1,157,230,900	4.2%	64.4%	3.4%	\$115.39	4.6%	\$74.32	8.2%
2015	4,971,710	1,814,674,194	1.0%	1,189,614,896	2.8%	65.6%	1.8%	\$119.97	4.0%	\$78.65	5.8%
2016	5,039,952	1,839,582,345	1.4%	1,205,133,146	1.3%	65.5%	(0.1%)	\$123.90	3.3%	\$81.17	3.2%
2017	5,121,721	1,869,428,165	1.6%	1,233,203,792	2.3%	66.0%	0.7%	\$126.69	2.3%	\$83.57	3.0%
2018	5,216,000	1,903,840,133	1.8%	1,260,586,980	2.2%	66.2%	0.4%	\$129.70	2.4%	\$85.88	2.8%
15-YEAR CAGR			1.2%		1.8%		0.5%		3.0%		3.5%
10-YEAR CAGR			1.1%		3.2%		2.1%		3.2%		5.4%
5-YEAR CAGR			1.5%		2.2%		0.7%		3.0%		3.7%

Source: STR, Inc.

A graphic representation of ADR, occupancy, and RevPAR trends is below.



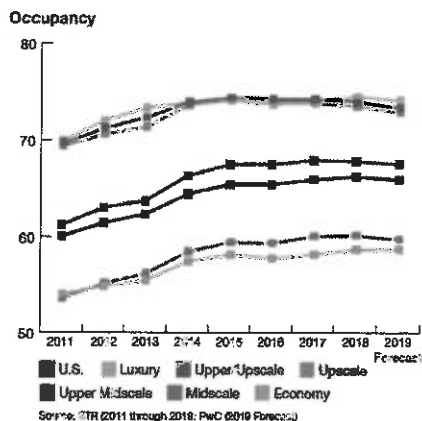
As shown in the tables above, the US lodging market prior to the recession (2004-2007) was a period marked by strong RevPAR growth, averaging 7.5% growth for the four-year period. The Great Recession of 2008-2009

hit the hospitality industry especially hard, with a RevPAR decline of 1.7% in 2008 and 16.5% in 2009. Since then, the recovery has been sustained for a period of time that is unprecedented in US history, with over 100 consecutive months of positive RevPAR growth. It is also noted that RevPAR had effectively reached pre-recession levels by 2012. Finally, the data clearly shows that while RevPAR growth has remained positive, the velocity of growth has undeniably declined for the last four years as increases in supply have finally caught up with demand growth.

Fourth quarter U.S. lodging fundamentals came in just below expectations. Year-over-year RevPAR growth of 2.4% was driven by an average daily rate (ADR) increase of 2.0%. Despite expectations otherwise, occupancy increased marginally (0.4%), surprising many with continued growth at this stage in the cycle. Growth in occupancy was supported by strong demand increases in the contract segment, while transient and group demand declined modestly on a year-over-year basis. Despite concerns about the impact of the trade tensions with China and rising construction/labor costs, the U.S. lodging industry ended 2018 on solid footing with occupancy reaching levels not seen since 1981.

Looking ahead to 2019 our U.S. lodging outlook remains stable, driven by steady economic fundamentals, including a continued increase in consumer spending; increasing, albeit decelerating business investment; and relatively strong consumer confidence. Lodging supply is expected to increase at a rate close to its long-term average; however, tightening financing conditions and further increasing costs for labor and construction may create a drag on supply growth. Overall, RevPAR in 2019 is expected to increase at a decelerating pace, driven exclusively by growth in ADR. Counterbalances to this outlook that bear watching include continued trade tensions and effects from tariff-rate implementation, political uncertainty amid partisanship, and increasing interest rates.

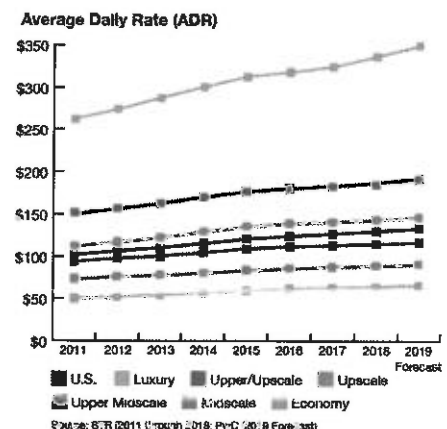
OCCUPANCY



For 2019, demand growth for most lodging segments is expected to stay below supply growth, resulting in an overall annual occupancy decline. Specifically, PwC forecasts the industry's occupancy level to decrease to 65.9% in 2019, a -0.4% change from the prior year. As shown in the table to the left, occupancy is forecast to decline for five of the six chain-scale segments. For the sixth one, it is forecast to hold steady.

AVERAGE DAILY RATE

For 2019, PwC forecasts ADR for the U.S. lodging industry to rise 2.7% – slightly above the rate of 2.4% recorded in 2018. The luxury segment is expected to lead the industry's growth in 2019 with an increase of 3.8%. As shown in the table to the right, ADR growth is forecast for each chain-scale segment in 2019. In addition, the individual increases are forecast at rates higher than or equal to those realized in 2018 for each segment.



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NATIONAL FULL-SERVICE LODGING SEGMENT

While this sector's fundamentals continue "to look pretty good," labor is a real issue in nearly all markets and supply is becoming a concern in some, primarily in the top 25 metros, according to a participant.

- The uncertainty of the U.S. economy is weighing on this lodging sector and keeping some buyers sidelined.
- As shown in Table FSL-1, occupancy growth for the two segments that comprise this lodging market is forecast to decline in 2019 compared to 2018.
- At the same time, however, ADR growth is forecast to improve for both segments in 2019, helping to keep RevPAR growth at or close to 2018's level.

Table FSL-1

LODGING FORECASTS

Segment	2019	Annual Change
Upscale		
Occupancy	72.9%	- 0.8%
ADR	\$146.16	+ 2.3%
RevPar	\$106.49	+ 1.5%
Upper Midscale		
Occupancy	67.5%	- 0.5%
ADR	\$116.68	+ 1.7%
RevPar	\$78.73	+ 1.2%

Source: Hospitality Directions US, January 2019; published by PwC

Table 33

NATIONAL FULL-SERVICE LODGING SEGMENT

First Quarter 2019

	CURRENT	3Q 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	8.00% – 11.00%	8.00% – 13.00%	8.00% – 13.50%	8.50% – 13.00%	9.00% – 12.00%
Average	9.70%	10.20%	10.33%	10.48%	10.71%
Change (Basis Points)		- 50	- 63	- 78	- 101
OVERALL CAP RATE (OAR)^a					
Range	6.00% – 9.00%	6.00% – 10.00%	6.00% – 10.00%	6.00% – 10.00%	6.00% – 10.00%
Average	7.43%	7.73%	7.73%	7.75%	7.73%
Change (Basis Points)		- 30	- 30	- 32	- 30
RESIDUAL CAP RATE					
Range	7.00% – 10.00%	7.00% – 10.00%	7.00% – 10.00%	7.00% – 10.00%	6.50% – 11.00%
Average	8.25%	8.35%	8.35%	8.38%	8.17%
Change (Basis Points)		- 10	- 10	- 13	+ 8
AVERAGE DAILY RATE^b					
Range	(2.00%) – 7.00%	(1.00%) – 7.00%	(2.00%) – 7.00%	0.00% – 5.00%	0.00% – 6.00%
Average	2.70%	3.10%	2.90%	3.50%	3.88%
Change (Basis Points)		- 40	- 20	- 80	- 118
OPERATING EXPENSE^b					
Range	0.00% – 4.00%	0.00% – 4.00%	0.00% – 4.00%	1.00% – 4.00%	1.00% – 5.00%
Average	2.80%	2.80%	2.80%	2.70%	2.96%
Change (Basis Points)		0	0	+ 10	- 16
MARKETING TIME^c					
Range	3 – 9	3 – 9	3 – 9	3 – 9	3 – 12
Average	6.0	6.2	6.0	6.9	7.2
Change (▼, ▲, =)		▼	=	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

NATIONAL LIMITED-SERVICE MIDSACLE & ECONOMY LODGING SEGMENT

Economic uncertainty, the acquisition and retention of labor, and instability in the White House are the main challenges our Survey investors believe this lodging segment faces in the year ahead.

- Supply is also a concern, but “we don’t expect a significant shift in fundamentals,” says a participant.
- As shown in Table LSE-1, occupancy is forecast to either decline slightly or hold steady in the two segments that comprise this lodging market in 2019.
- For buyers looking to acquire assets in this lodging segment, three-quarters of our surveyed investors believe it is fairly priced while the remainder view it as overpriced.

Table LSE-1
LODGING FORECASTS

Segment	2019	Annual Change
Midscale		
Occupancy	59.7%	- 0.7%
ADR	\$90.30	+ 1.9%
RevPar	\$53.89	+ 1.2%
Economy		
Occupancy	58.6%	0.0%
ADR	\$65.29	+ 2.3%
RevPar	\$38.26	+ 2.4%

Source: Hospitality Directions US, January 2019; published by PwC

Table 34

NATIONAL LIMITED-SERVICE MIDSACLE & ECONOMY LODGING SEGMENT

First Quarter 2019

	CURRENT	3Q 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	8.50% – 14.00%	8.50% – 13.00%	8.50% – 13.00%	8.50% – 12.00%	9.00% – 12.00%
Average	10.80%	10.50%	11.00%	10.70%	10.42%
Change (Basis Points)		+ 30	- 20	+ 10	+ 38
OVERALL CAP RATE (OAR)^a					
Range	7.50% – 11.00%	7.50% – 11.00%	7.50% – 11.00%	7.50% – 10.25%	8.00% – 10.00%
Average	9.05%	9.15%	9.15%	8.88%	9.00%
Change (Basis Points)		- 10	- 10	+ 17	+ 5
RESIDUAL CAP RATE					
Range	7.75% – 12.00%	7.75% – 11.00%	7.75% – 11.00%	7.75% – 10.50%	8.00% – 11.00%
Average	9.53%	9.38%	9.78%	9.48%	9.25%
Change (Basis Points)		+ 15	- 25	+ 5	+ 28
AVERAGE DAILY RATE^b					
Range	(2.00%) – 5.00%	(1.00%) – 5.00%	(1.00%) – 5.00%	2.00% – 4.00%	2.00% – 6.00%
Average	1.70%	2.20%	2.20%	3.15%	3.40%
Change (Basis Points)		- 50	- 50	- 145	- 170
OPERATING EXPENSE^b					
Range	2.50% – 3.00%	2.50% – 3.00%	2.50% – 3.00%	2.50% – 3.00%	1.00% – 3.00%
Average	2.95%	2.95%	2.95%	2.95%	2.75%
Change (Basis Points)		0	0	0	+ 20
MARKETING TIME^c					
Range	2 – 12	2 – 12	2 – 12	2 – 12	2 – 12
Average	6.2	6.1	6.7	6.9	7.0
Change (▼, ▲, =)		▲	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT

Bright spots noted by Survey participants for this lodging segment include lower oil prices (that contribute to increased tourism), sound occupancy rates (at 20-year highs in certain metros), and an active capital sector.

- One troubling trend is hotel supply growth, which many investors expect will grow modestly in 2019 and 2020.
- As shown in Table LUL-1, occupancy growth for the two segments that comprise this lodging market is forecast to decline in 2019 compared to 2018.
- In 2019 the luxury chain-scale segment is forecast to realize the strongest growth in both ADR and RevPAR of all the U.S. chain-scale segments.

Table LUL-1

LODGING FORECASTS

Segment	2019	Annual Change
Luxury		
Occupancy	74.1%	-0.5%
ADR	\$348.85	+3.8%
RevPar	\$258.49	+3.3%
Upper Upscale		
Occupancy	73.3%	-1.0%
ADR	\$191.47	+3.0%
RevPar	\$140.35	+1.9%

Source: Hospitality Directions US, January 2019; published by PwC

Table 35

NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT

First Quarter 2019

	CURRENT	3Q 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.25% - 13.00%	6.25% - 12.00%	6.50% - 12.00%	6.50% - 12.00%	9.00% - 12.00%
Average	9.55%	9.45%	9.50%	9.60%	10.11%
Change (Basis Points)		+ 10	+ 5	- 5	- 56
OVERALL CAP RATE (OAR)^a					
Range	4.00% - 9.00%	4.00% - 9.00%	4.00% - 9.00%	4.00% - 9.00%	4.00% - 9.50%
Average	7.05%	7.05%	7.05%	6.90%	7.24%
Change (Basis Points)		0	0	+ 15	- 19
RESIDUAL CAP RATE					
Range	5.50% - 9.50%	5.50% - 9.50%	5.50% - 9.50%	5.50% - 10.00%	6.00% - 10.00%
Average	7.33%	7.33%	7.23%	7.27%	7.62%
Change (Basis Points)		0	+ 10	+ 6	- 29
AVERAGE DAILY RATE^b					
Range	0.00% - 5.00%	0.00% - 5.00%	0.00% - 5.00%	0.00% - 9.00%	0.00% - 10.00%
Average	2.50%	2.80%	2.80%	3.83%	4.07%
Change (Basis Points)		- 30	- 30	- 133	- 157
OPERATING EXPENSE^b					
Range	0.00% - 3.00%	0.00% - 4.00%	0.00% - 4.00%	0.00% - 5.00%	0.00% - 5.00%
Average	2.60%	2.60%	2.60%	2.83%	2.71%
Change (Basis Points)		0	0	- 23	- 11
MARKETING TIME^c					
Range	3 - 12	3 - 12	3 - 12	3 - 12	3 - 20
Average	6.7	6.8	6.8	5.8	7.8
Change (▼, ▲, =)		▼	▼	▲	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

NATIONAL SELECT-SERVICE LODGING SEGMENT

Over the next six months, most surveyed investors (80.0%) see average daily rate (ADR) in the select-service lodging segment increasing – as much as 5.0% with an average expected increase of 2.1%.

- Amid this positive forecast, investors are troubled by economic uncertainty, the impact of tariffs, and supply growth.
- While most believe the U.S. economy is stable and resilient, political uncertainty, potential trade wars, and the eroding purchasing power of the middle class are also troubling.
- For buyers looking to acquire assets in this lodging segment, three-quarters of our surveyed investors believe it is overpriced.

Table SSL-1

EXPECTED VALUE CHANGE*

Survey Lodging Markets

Segment	Range	Average
Full Service	(4.0%) to 6.0%	+ 1.1%
Limited-Service		
Midscale & Economy	(5.0%) to 5.0%	+ 0.6%
Luxury/Upper Upscale	(3.0%) to 5.0%	+ 2.0%
Select Service	(5.0%) to 4.0%	- 0.9%

* Over the next 12 months

Source: PwC Real Estate Investor Survey, 1Q2019

Table 36

NATIONAL SELECT-SERVICE LODGING SEGMENT

First Quarter 2019

	CURRENT	3Q 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	8.00% – 12.00%	8.00% – 11.00%	7.50% – 12.00%	9.00% – 12.00%	9.00% – 13.00%
Average	10.10%	9.55%	9.90%	10.80%	10.95%
Change (Basis Points)		+ 55	+ 20	- 70	- 85
OVERALL CAP RATE (OAR)^a					
Range	7.00% – 10.00%	7.00% – 10.00%	6.50% – 10.00%	6.50% – 10.75%	5.00% – 10.00%
Average	8.31%	8.50%	8.56%	8.43%	8.10%
Change (Basis Points)		- 19	- 25	- 12	+ 21
RESIDUAL CAP RATE					
Range	7.00% – 10.00%	7.00% – 10.00%	7.00% – 10.75%	7.50% – 11.00%	5.00% – 10.00%
Average	8.45%	8.75%	8.93%	8.95%	8.34%
Change (Basis Points)		- 30	- 48	- 50	+ 11
AVERAGE DAILY RATE^b					
Range	(2.00%) – 8.00%	(1.00%) – 8.00%	(1.00%) – 8.00%	2.00% – 5.00%	1.00% – 8.00%
Average	2.80%	2.90%	2.90%	3.40%	4.70%
Change (Basis Points)		- 10	- 10	- 60	- 190
OPERATING EXPENSE^b					
Range	2.00% – 10.00%	2.00% – 10.00%	2.00% – 10.00%	2.00% – 4.00%	2.00% – 4.00%
Average	3.65%	3.45%	3.45%	2.75%	2.95%
Change (Basis Points)		+ 20	+ 20	+ 90	+ 70
MARKETING TIME^c					
Range	2 – 10	2 – 15	2 – 15	2 – 12	2 – 12
Average	4.9	6.9	5.6	6.0	6.6
Change (▼, ▲, =)		▼	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

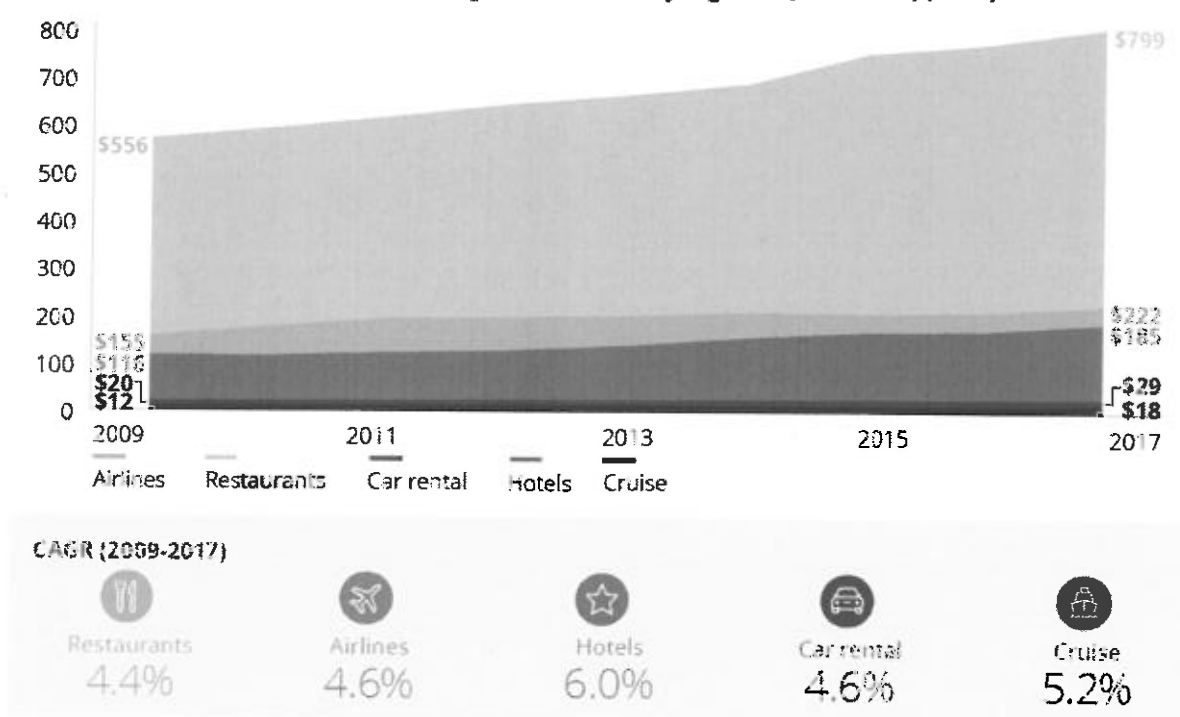
DELOITTE 2019 TRAVEL AND HOSPITALITY INDUSTRY OUTLOOK

Overview: A Decade of Growth the Onset of Growing Pains

The numbers tell the story well. From 2009 to 2017, US hotel gross bookings grew from \$116 billion to \$185 billion (see figure 1). Airline revenue jumped from \$155 billion to \$222 billion.¹ Other sectors, from cruise to ground transportation and restaurants, also benefited as US consumers reconnected with an inherent love for travel, international travel demand flourished, and more companies leaned on the power of business travel to help their organizations connect and grow.

Unprecedented growth, driven by a robust economy, rising global consumer purchasing power, and digital innovation, however, comes with strings attached. While market conditions are generally expected to remain strong in 2019, significant challenges capable of throwing the US travel industry off its growth trajectory loom on the horizon—many the unfortunate growing pains of an expanding industry.

Figure 1. US travel industry gross bookings and revenue, by segment (2009-2017) (US\$B)



Source: Airlines: Bureau of transportation statistics (Operational revenue), Restaurants: National Restaurant Association, Hotels: IBIS, Car Rental: Auto Rental News, Cruise: Phocuswright.

Expenses threaten margins:

Rising operating costs are putting travel brands under immense pressure - even in an era of record-breaking revenue. Fuel costs are rising. Labor gaps drive wage increases. Real estate appreciates. Finding relief won't be easy. Travel brands are already leaning on a mix of cost-cutting strategies to rein in expenses, including improved revenue management practices, supply chain optimization, and higher airline load factors. Creating leaner, more efficient businesses may require bolder thinking in 2019. The evolving field of cognitive technology may offer the industry a valuable lifeline.

Healthy corporate travel demand:

Strong economies drive business activity. 2018 is forecasted to be a robust year for corporate travel spending. Pending global uncertainties, corporate travel is expected to surge 6.1 percent, its highest rate of growth since 2011.

Driving demand through infrastructure investment:

Smooth-running airports and even well-paved roads and waste management are integral to keeping the United States competitive as a global destination. But recent travel growth, combined with other factors like urbanization, has US travel infrastructure bursting at the seams. The problem is twofold—capacity and modernization. According to the American Society of Civil Engineers, the United States needs \$4.5 trillion in infrastructure investment by 2025—before the problem potentially impacts GDP and job growth. Key travel infrastructure, including airports, parks and recreation, rail, ports, roads, and transit, requires some of the biggest improvements.

Eyes up for a downturn:

At some point, all expansion cycles come to an end. With the hospitality industry reaching almost 10 years of consecutive growth, and the potential of broader economic slowdown looming, brands must prepare for the possibility of softening demand. While many proved their ability to drive growth in favorable market conditions, downturns, while typically short-lived, create the environment for loyalty programs, revenue management, and product and customer experience initiatives to prove their worth. Brands that can weather any potential storm while keeping perspective of the long term can be well positioned in the next cycle.

A steady outlook for travel spending . . . at least in the near term

With rumblings of potential economic downturn gaining some momentum, travel brands must keep eyes on consumer spending and sentiment. The last downturn served as a stark reminder of the strong connection between economic insecurity and discretionary travel spending in the United States. Unlike their European counterparts, US consumers are well known for cutting vacations out of their budgets entirely—rather than downgrading accommodations or destinations. Case in point: Nearly half of US adults went the entire year without spending on a vacation in 2008.

Overall, consumer spending should remain strong for the majority of 2019. Over the past few years, the household sector provided a steady foundation for US economic growth. Even while business investment remained a bit weak, exports faced headwinds, and housing stalled—consumer spending grew steadily.¹⁰ Job growth provided a strong foundation. Even with a relatively low uptick in wages, those jobs put money in consumers' pockets and helped households spend. The continued (if modest) growth in house prices is helping, too, since houses are most households' main form of wealth.

Hospitality: Sustaining Momentum

The hospitality industry approaches nearly 10 consecutive years of growth. At this late stage of the cycle, it should come as no surprise that years of prolonged optimism finally began giving way to some caution. Historically, hotel upcycles generally burn for roughly a decade before the industry experiences a period of soft demand. Similar to broader economic forecasts, most indicators suggest the current expansion cycle still has legs—even though those legs may be tiring. Industry forecasts—leaning on continued GDP growth, low unemployment, and recent tax cuts—remain positive for 2019. But, while all major industry metrics are projected to remain in the green, they do suggest a slight loss of momentum. 2019 forecasts for Average Daily Rate (ADR, +2.4 percent), Revenue per Available Room (RevPAR, +2.4 percent), and Occupancy (+0.2 percent) are expected to slip compared to 2018 levels.

Hotel industry downturns often begin with an external catalyst. The previous downcycle was triggered by the financial collapse of 2008. The one prior was sparked by economic recession and exacerbated by the September 11 terror attacks. Given the current strength in the economy, it's difficult to forecast a hospitality market reversal without a significant force acting on travel demand. At best, the potential of a broader

economic slowdown could lead to some level of softening travel demand, but that scenario still seems unlikely for 2019.

While positive signals continue to emanate from the broader hotel industry, some local markets may continue to face significant hurdles in 2018. In New York and Chicago, for example, hotels are struggling to drive up room rates in a market flooded with new supply. In fact, since 2008, the number of hotels in New York City has grown 55 percent to 634 properties and 115,000 rooms. Already competing with a rise in private accommodation rentals, hoteliers aiming to keep their properties full must offer attractive rates. These local market conditions are weakening growth, and in order to cope with the oversupply issue, some hoteliers are resorting to cutbacks around service, maintenance, and even lobbying with city officials for property tax reform.

Private rentals, from adversary to ally?

Hospitality might stand to benefit from rethinking a resistance to private rentals. While regulatory hurdles remain, rental demand is proven. The core rental experience, however, isn't without flaws—flaws hotels may be well positioned to improve. For all their guest-attracting attributes, rentals can often lack the amenities, consistency, and service quality of the traditional hotel experience. With some creativity, hotel brands have an immense opportunity to combine the best of both worlds and create something new. Some hospitality players are already experimenting, fusing new rental inventory with hotel-style amenities such as concierge services, elevating product quality with more stringent host selection processes, and even integrating rentals into loyalty programs.

Do well in well-being:

Hotel brands without a well-being strategy may already be behind the curve. Travelers have two distinct needs around well-being travel—using trips as a primary means to focus on their health versus maintaining healthy habits during typical vacations and business trips. Hotels should consider acquisitions, partnerships, and programming to gain exposure to either opportunity—or both. Fitness and lifestyle brands are already establishing a beachhead in well-being hospitality—but industry outsiders lack the experience of hospitality veterans.

Tap into destinations:

The in-destination activities market, from local wine tours to surf lessons, is undergoing a digital revolution similar to that which transformed hotel and airline distribution decades ago. The reasons for the delay? An extremely longtail of suppliers and lack of content and booking standardization. But the space is maturing quickly. Plugging into vast inventories of real-time, local activity content is getting easier by the month, and with the global in-destination activities industry poised to hit \$183 billion by 2020, in-destination activities represent an opportunity for hotels to connect guests to unique experiences and drive incremental revenue.

Overall, it's important for hoteliers to plan for the long-term. Looking back over the past 30 years of up- and downcycles proves that downturns are typically short-lived. Hotel owners looking to cut costs will inevitably clash with operators looking to maintain service levels. But those able to weather any potential storm without drastic reductions in service quality and rates will be better positioned for profitability when the bull market returns.

IBIS WORLD INDUSTRY OUTLOOK

Current Performance

The Hotels and Motels industry has experienced robust growth over the five years to 2018. Hotels and motels primarily provide short-term lodging to consumers; however, many also offer other services and accommodations. This includes food and beverage services, conference room and convention accommodation and more. As per capita disposable income and consumer confidence have increased during the five-year

period, all forms of short-term accommodation have experienced an increase in demand. Consumers increased spending on luxuries such as travel during the five-year period for both business and leisure purposes. Since destination hotels and motels rely heavily on domestic and foreign tourism, increases in domestic and international travel during the five-year period have substantially contributed to the industry's bottom line. For example, industry revenue grew 5.7% in 2014, when international travel into the United States spiked 7.2%. Consequently, revenue is expected to increase at an annualized rate of 4.4% to \$193.7 billion over the five years to 2018. During the five-year period, arrivals from abroad have risen at an annualized rate of 1.3%, while domestic travel rates have increased an annualized 3.5% during the same period. The infusion of tourist dollars is expected to continue into 2018, benefiting hotels and motels and enabling them to increase room rates, which is anticipated to cause revenue to grow 3.7% in 2018 alone.

Industry Outlook

The Hotels and Motels industry is expected to experience even further growth over the five years to 2023, albeit at a slower pace. The industry will expand as a result of a growing global economy and anticipated continued increases in tourism and business travel rates. Over the five years to 2023, IBISWorld expects industry revenue to increase at an annualized rate of 1.7% to \$211.1 billion. Nevertheless, as global markets are still experiencing significant volatility after recent events, particularly surrounding China's recent economic volatility and other potential geopolitical events, demand from international travel could potentially wane somewhat for industry operators within specific regions. Furthermore, recent volatility in commodity prices, an alarming levels of household debt in Canada and ongoing issues within the eurozone and trade tensions have also contributed to this uncertainty. These factors could potentially hamper demand from both international and domestic visitors over the next five years, as consumer confidence is expected to decline slightly during the outlook period. International families who would previously spend liberally on a trip overseas to the United States may postpone such plans, choose to travel domestically or alter their trips abroad to curtail spending, resulting in tempered growth for international tourist arrivals. A changing political climate may also have a lasting effect on tourism demand over the next five years, especially legislative changes that may dampen enthusiasm among many foreign tourists to visit the United States. Conversely, possible improvements in the overall US infrastructure and changes to the domestic tax policy could potentially benefit industry operators. As a result, operators must remain vigilant, offering deals when possible and encouraging consumers to travel to their establishments over others to maximize revenue growth.

CONCLUSION

Overall, the U.S. hotel industry has enjoyed healthy growth since the end of the recession. Growth has slowed over the past several years. PwC was forecasting growth to moderate slightly while IBISWorld was more bullish in their growth projections. Both forecasts were completed in late 2018, prior to recent uncertainty in the financial markets and political arenas. The factors associated with the recent uncertainty could potentially hamper demand from both domestic and international travelers over the next five years. It now appears a more widespread economic slowdown is increasingly likely. However, a contraction in the industry is not expected.

HOTEL SUPPLY ANALYSIS

Existing Competitive Supply

The competitive supply tables on the following pages illustrate salient operating statistics for the subject property and its competitors. (Please note that this information was provided by third-party sources and could not be positively verified.)

The following tables illustrate the physical and operating characteristics for the competitive set, while the map depicts the location of the competitors in relation to the subject. Additional information on the competitors follows the map.

COMPETITIVE PROPERTY FACILITIES OVERVIEW

General Property Information

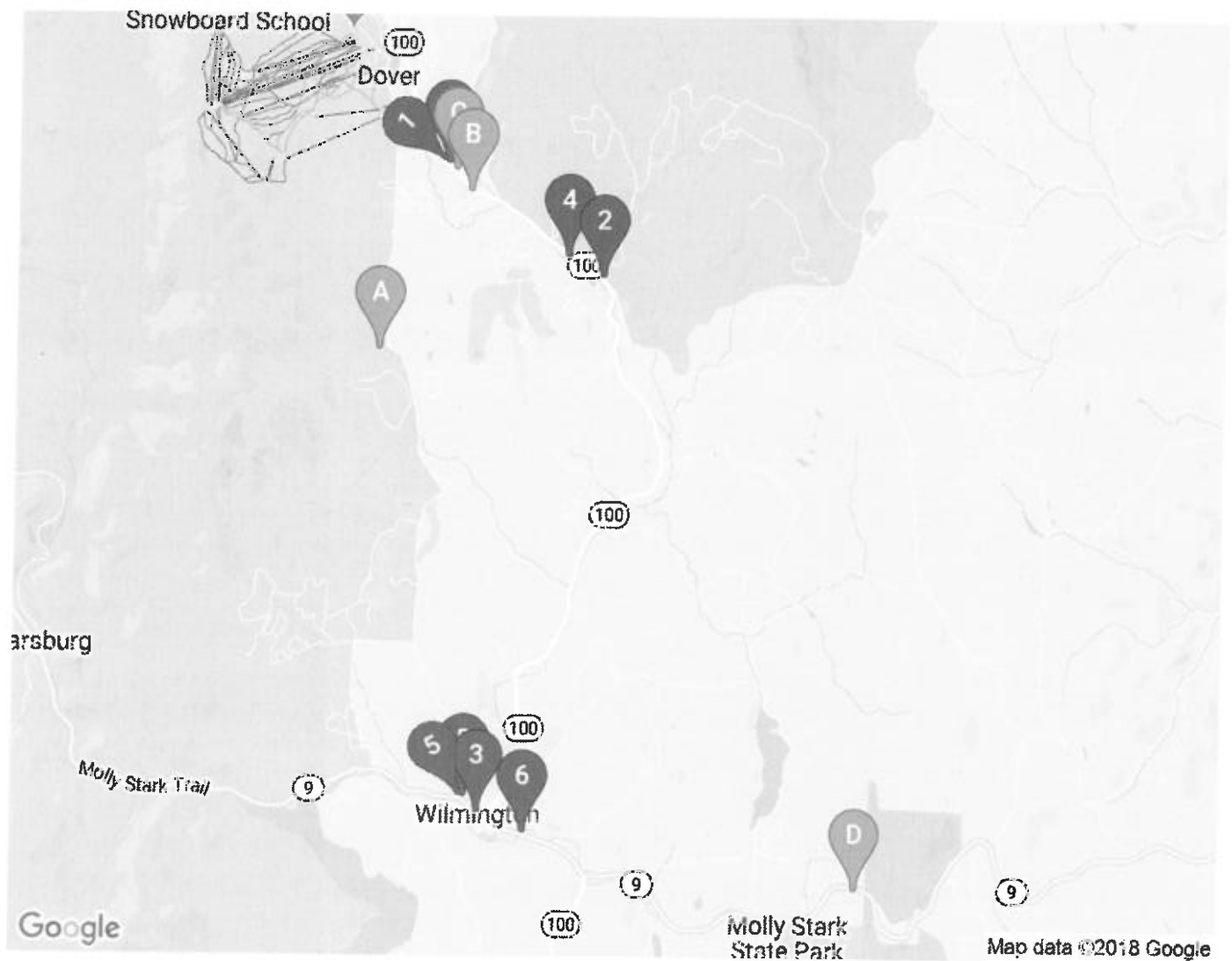
Amenities and Other Characteristics

Property Name / Address	Number of Rooms	Year Opened	Competitor Type	Restaurants	Bistro / Lounge / Breakfast Café	Swimming Pool	Business Center	Fitness Room	Other
Gray Ghost Inn 290 Route 100, Dover, VT	26	1957	Primary	None	X	X			X
West Dover Inn 108 Route 100, Dover, VT	11	1846	Primary	Full	X				X
The Craft's Inn 10 W Main Street, Wilmington, VT	30	1903	Primary	None	X	X	X		X
Layla's Riverside Lodge 145 Route 100, Dover, VT	17	1970	Primary	Full	X	X			X
The Wilmington Inn 41 W Main Street, Wilmington, VT	10	1894	Primary	None	X				X
The Viking Motel 88 E Main Street, Wilmington, VT	17	1960	Primary	None					X

CONTINUED

POS180250

COMPETITIVE HOTEL MAP



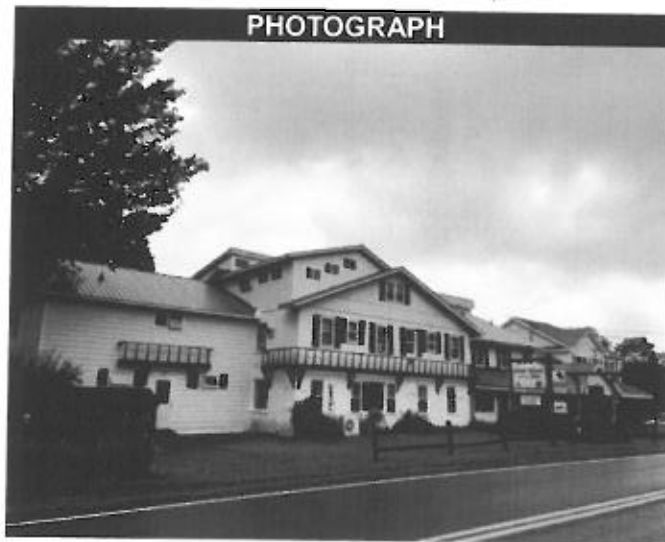
COMPETITION MAP KEY

Property Name	Location	Pin No.
The Hermitage Inn (Subject)	Dover, VT	A
Snow Goose Inn (Subject)	Dover, VT	B
Doveberry Inn (Subject)	Dover, VT	C
Horizon Inn (Subject)	Wilmington, VT	D
Gray Ghost Inn	Dover, VT	1
West Dover Inn	Dover, VT	2
The Craft's Inn	Wilmington, VT	3
Layla's Riverside Lodge	Dover, VT	4
The Wilmington Inn	Wilmington, VT	5
The Viking Motel	Wilmington, VT	6

SUMMARY OF COMPETITION

Gray Ghost Inn

Gray Ghost Inn is a 26-room limited-service property located at 290 Route 100 in Dover, Vermont. This bed-and-breakfast is 1.7 miles from Mount Snow ski area, 7.6 miles from Wilmington and 15.6 miles from Green Mountain National Forest. The rooms have country-style furnishings and decor, plus private bathrooms. The family suite offers 3 bedrooms, 2 bathrooms and a living room with a TV, VCR and a minifridge. Amenities include breakfast, guest lounge with a minifridge, game room with a big-screen TV, pool table, porch, hot tub, and a seasonal outdoor pool. Evening meals are available for groups.



West Dover Inn

West Dover Inn is a 11-room full-service property located at 108 Route 100 in Dover, Vermont. This former stagecoach stop and tavern is 1.1 miles from Mount Snow Golf Course and 9.4 miles from Molly Stark State Park. The rooms have private bathrooms and country furnishings, and include free Wi-Fi, air-conditioning and cable TV. Some add whirlpool tubs, fireplaces and living areas. The historic tavern hosts live music and comedy shows. There are also lakes on the property, and kayak rentals are available (surcharge).

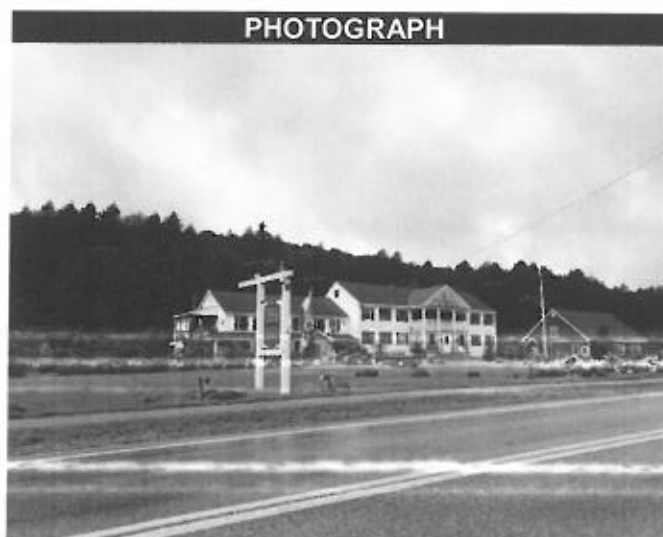


The Craft's Inn

The Craft's Inn is a 30-room limited-service property located at 10 W Main Street in Wilmington, Vermont. The Craft's Inn is a member of RCI for time-share exchanges and is located approximately three miles from the Hermitage Golf Club and six miles from the Mt. Snow Ski Area. Hot breakfast is included, as is Wi-Fi, and parking. Other amenities include pool table, racquetball courts, sauna, and the Serenity Spa.

***Layla's Riverside Lodge***

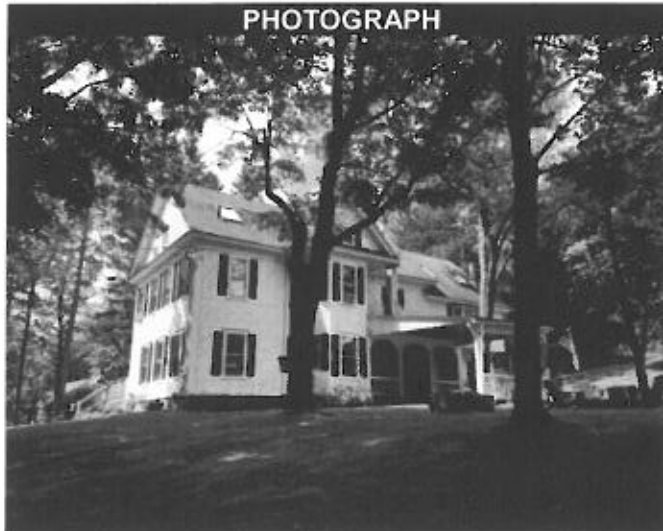
Layla's Riverside Lodge is a 17-room full-service property located at 145 Route 100 in Dover, Vermont. Adjacent to the Dover Town Forest, this inn faces the North Branch Deerfield River, is approximately one mile from the Mt. Snow Golf Course, and 3 miles from the Mt. Snow ski area. The rooms have TVs with private bathrooms; some add bunk beds and sleep 4 guests. There are three suites with whirlpool tubs and/or balconies. The restaurant serves locally sourced farm-to-table cuisine. Other amenities include an outdoor pool with a sundeck, as well as a dog kennel with heated floors and play space.



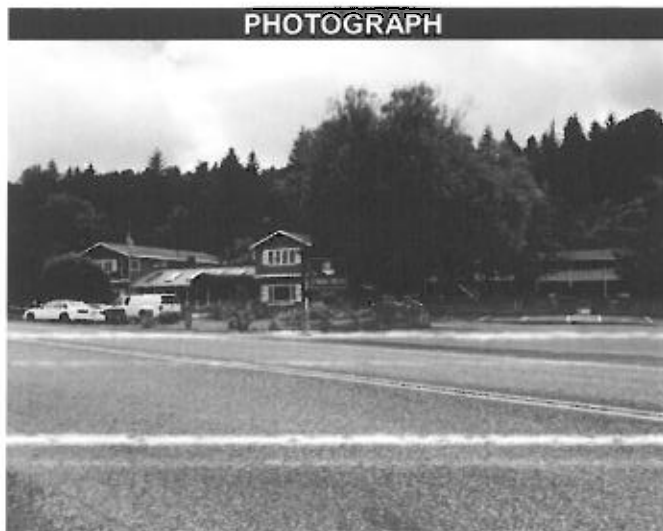
CONTINUED

The Wilmington Inn

The Wilmington Inn is a 10-room limited-service property located at 41 W Main Street in Wilmington, Vermont. This bed & breakfast is situated in downtown approximately three miles from the Hermitage Golf Club and six miles from the Mt. Snow Ski Area. The rooms feature private bathrooms (some with whirlpool tubs), cable TV and down comforters, while a few add ceiling fans, fireplaces and four-post beds. Hot breakfast is included, as is Wi-Fi available, and parking. The Inn hosts mid-week dinners with local offerings prepared by area chefs/restaurants served in a tavern that has an original century-old tin ceiling. Additional amenities include a game room, wood burning stove, deck overlooking the Deerfield River, and outdoor fire pit.

***The Viking Motel***

The Viking Motel is a 17-room limited-service property located at 88 E Main Street in Wilmington, Vermont. Adjacent to Beaver Brook, this motel is less than one-mile from downtown Wilmington and approximately nine miles from the Mt. Snow Ski Area. The rooms offer minifridges, flat-screen TVs with cable channels, air-conditioning, WiFi access, and coffeemakers. Suites include a living area and a fully equipped kitchen. Communal porches overlook the lawn.



ADDITIONS TO SUPPLY

During the course of our research, we have not identified any proposed hotels or properties that are currently under development that would be directly competitive with the subject.

It should be noted that, while we have considered the possibility of new hotel development as part of our market research and that reasonable steps were taken to ascertain the potential of new supply within the market, it is neither possible to determine every property that will be developed in the future nor what their impact on the subject property or the existing competitors would be. It should be noted that the impact of new competitive supply could have a negative impact on the subject's market value.

We have considered the dynamics of the local area and the potential for additional unforeseen new supply to enter the market; these observations have been accounted for in our selection of a stabilized occupancy rate as well as the total property discount rate.

NATIONAL GOLF COURSE & COUNTRY CLUBS MARKET OVERVIEW

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject property.

Although lodging facilities are market specific, this section of the report provides an overview of national market trends that influence demand for hotels and motels in the subject's market area. Our analysis includes excerpts and information from IBISWorld Industry Report: *Golf Course & Country Clubs In the US*.

INDUSTRY PERFORMANCE

EXECUTIVE SUMMARY

Over the five years to 2019, the Golf Courses and Country Clubs industry has expanded, although at a slower pace than the overall economy. This industry includes companies that operate golf courses and country clubs, in addition to hosting dining and some recreational facilities. Overall, the industry's biggest long-term challenge is broadening the sport's appeal to new players. Golf courses and clubs have particularly struggled to attract younger players, with many finding the clubs to be too conservative with respect to etiquette and the sport too difficult to learn. Nevertheless, industry operators benefited from expanding consumer confidence during the period, as well as a growing number of consumers earning more than \$100,000. Consequently, industry revenue is expected to increase at a modest annualized rate of 1.1% to \$24.5 billion over the five years to 2019, including an increase of 0.4% in 2019 alone. The average industry profit margin is expected to increase marginally during the period as well.

Since the cost of maintaining a golf course remains fairly constant regardless of customer participation, modest growth or declines in the number of individuals paying club fees significantly threatens industry establishments. According to the National Golf Foundation, the number of people that played golf on a course has remained relatively stagnant in recent years, posing a threat to industry growth. As a result of slow demand, many operators have begun to shut down courses; IBISWorld estimates that the number of industry establishments has declined at an annualized rate of 0.9% over the five years to 2019, totaling 10,910 courses and clubs. These closures were underpinned by massive overdevelopment of golf facilities in the 1990s and early 2000s, which created an excess of golf courses in the United States.

The industry is projected to continue recording moderate growth over the five years to 2024 due to rising corporate profit and per capita disposable income. These factors are expected to likely stimulate demand for industry establishments, as cash-rich consumers turn to golf courses and country clubs as a form of entertainment. Consequently, IBISWorld forecasts that industry revenue will increase at an annualized rate of 0.8% to \$25.4 billion over the five years to 2024. Despite consistent revenue gains moving forward, the industry's long-term success is expected to largely depend on its ability to appeal to younger consumers.

KEY EXTERNAL DRIVERS

Households earning more than \$100,000

Country club memberships are often very expensive; therefore, wealthier individuals are the most likely consumers to spend a significant amount of money annually on green fees and club memberships. This causes households with incomes over \$100,000 to represent the largest market for industry services. The number of households earning more than \$100,000 is expected to increase in 2019, representing a potential opportunity for the industry.

Time spent on leisure and sports

An increase in available leisure time for golfers and country club patrons encourages higher participation and demand for services, which translates to growth in industry revenue. IBISWorld estimates that time spent leisure and sports will stagnate in 2019.

Per capita disposable income

Increased household disposable income typically leads to greater expenditure on leisure activities. In particular, an increase in per capita disposable income generally translates to higher golf participation among casual golfers, raising revenue from green fees and benefiting the industry. Per capita disposable income is expected to increase during 2019.

Consumer Confidence Index

Consumer confidence measures consumer sentiment about present economic conditions and their expectations for future financial security. Consumers often decide on large expenses, such as country club or golf course memberships, based on changes in disposable incomes and their perceived ability to maintain current income levels in the future. Consumer confidence has gradually recovered in the past five years and is expected to decline in 2019, representing a potential threat to the industry.

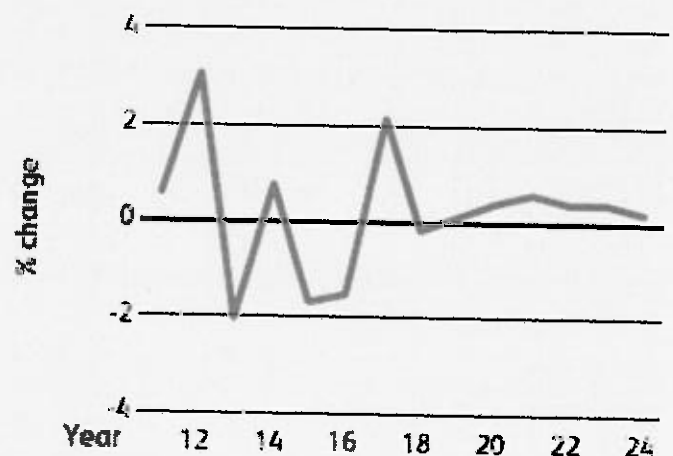
Median age of population

Golf has historically attracted both younger and older athletes due to its casual pace. An aging population means there will be more retirees with greater leisure time, which creates additional demand for golf and country club activities. The median age of the US population is expected to increase during 2019, as more of the baby-boomer generation reaches retirement age.

Households earning more than \$100,000



Time spent on leisure and sports



SOURCE: WWW.IBISWORLD.COM

CURRENT PERFORMANCE

Over the five years to 2019, industry operators benefited from broad economic improvements but were limited by slowing demand for industry services. Over the five years to 2019, per capita disposable income is expected to increase at an annualized rate of 2.1%, while the consumer confidence index is expected to increase at an annualized rate of 6.6% during the same period. With per capita disposable income projected to increase, the industry is expected to benefit from consumers' growing ability to splurge on golf games and memberships. While these metrics signal a benefit for industry operators, companies are expected to have failed to generate revenue faster than the overall economy during the period. This is primarily a result of slowing interest in golf as an activity and an inability to attract younger golfers. Despite these struggles, industry revenue is expected to increase over the five years to 2019. The number of households earning more than \$100,000, a segment that represents the largest market for the industry's services, has grown at an annualized rate of 3.0% over the past five years, which has expanded the industry's consumer pool. Consequently, industry revenue is expected to grow an annualized 1.1% to \$24.5 billion over the five years to 2019, including an increase of 0.4% in 2019 alone.

High supply, low enthusiasm

Throughout the 1990s and early 2000s, the development of public golf facilities in the United States flourished, leading to the aggressive construction of thousands of public golf facilities. According to the National Golf Foundation (NGF), growth in the number of golf courses significantly outpaced growth in the number of golfers over the past decade. As the supply of golf courses quickly exceeded tepid consumer demand for golfing at the beginning of the period, growth in industry revenue was pressured. As a result of both course overdevelopment and weakening demand among younger athletes, many existing establishments have been forced to close over the past five years. In line with this trend, the number of golf course and country club operators is expected to decline at an annualized rate of 1.0% to 9,972 companies. Despite this decline, employment has expanded, with the number of workers rising at an annualized rate of 1.5% to 316,044 employees over the five years to 2019.

Weakened consumer and business spending due to lingering levels of high unemployment caused the Golf Courses and Country Clubs industry to contract at the beginning of the five-year period. Since the industry's success depends on the size of its consumer base, declining membership levels, which were largely due to the collapse in consumer sentiment and decreased household wealth, continued to dampen industry revenue through 2014. Additionally, according to data from the NGF, golf participation rates, for both the avid golfer and occasional golfer, have been declining for the past decade. Increased competition from other leisure activities, such as other sports or digital forms of entertainment, as well as the perceived difficulty and time commitment of golf, have reduced the total number of adults that play annually from 24.7 million in 2013 to 23.8 million in 2017 (latest data available).

Operators respond to participation trends

The declining popularity of golf has hampered industry expansion during the five-year period. While golf courses are extraordinarily popular among retirees, golf has not achieved any steady growth in popularity among younger consumers; according to NGF, only 2.7 million children between the ages of six and 17 played golf on a course in 2017 (latest data available), representing just 11.3% of total players. Baseball, football, soccer, hockey and basketball have proven far more engaging for young athletes over the past five years, while individual sports programs, such as tennis, cross country and track and field, are also readily available to join at most public schools.

Average industry profit as a share of revenue has increased over the five years to 2019, with the average margin expected to account for 1.2% of industry revenue in 2019. The industry's smallest courses and clubs

depend on the patronage of local consumers, and profit margins for these operators are generally far lower than those of major course developers. Several global country club and golf course holding companies, such as ClubCorp Holdings Inc., which was acquired by Apollo Global Management in July 2017, and American Golf Corporation, hold portfolios containing dozens of unique courses throughout the United States and other parts of the world. Although these major competitors do not dominate a significant share of the total industry, larger course operators generally can standardize course management practices efficiently and turn a slightly higher profit. Due to the industry's historically low profit margins, the industry's largest companies have all engaged in steady acquisition activity to boost their revenue-generating capabilities.

Necessary restructuring

With increased competition among participants for fewer avid or regular golfers, establishments have invested more resources into retaining existing members and attracting new ones. Operators have discounted memberships, provided reciprocal membership rights to other clubs and improved golf course and country club facilities. Country clubs have increased the number of rounds played, particularly during off-peak seasons, by lowering green fees or increasing services. Operators have also emphasized greater retail sales of golf equipment, promotion of lessons and golfing clinics and better practice facilities to shore up extra revenue. Moving forward, industry operators may increase outreach programs in an attempt to attract new golfers and members.

INDUSTRY OUTLOOK

Over the five years to 2024, the Golf Courses and Country Clubs industry is expected to generate minimal but stable growth due to rising per capita disposable income and available consumer leisure levels. These factors are expected to stimulate demand for clubs, particularly among the industry's vital demographic of households that generate more than \$100,000 in annual income. Over the five years to 2024, the number of households earning more than \$100,000 is expected to increase at an annualized rate of 0.8%, which is a much more subdued growth compared with the previous five-year period. This is primarily expected to come as a result of a slowing US economy over the next five years. Accordingly, IBISWorld expects industry revenue to increase at an annualized rate of 0.8% to \$25.4 billion over the five years to 2024.

Teeing off

Demand for country club memberships is expected to rise over the coming years as high corporate profit and disposable income bolster demand from both businesses and individual consumers. However, little interest in golf participation may continue to limit the industry's success over the next five years. According to data from the National Golf Foundation (NGF), golf participation rates have been falling for the past decade; some individuals find the etiquette rules (e.g. specific dress codes and other club decorum) off-putting, while others find that the game simply takes too long to play. This trend is expected to continue over the five years to 2024, with the number of casual golfers steadily shrinking. Casual golfers tend to pay one-time green fees, as opposed to more passionate golfers who hold annual memberships to country clubs. As a result, revenue earned from green fees is expected to continue shrinking over the five years to 2024, while revenue earned from membership fees among devout golfers is expected to likely increase.

Additionally, the percentage of baby boomers entering retirement may not expand rapidly due to the extending length of time that most workers remain in the labor force. Golf participation benefits from increased leisure time, particularly among retired individuals who do not engage in more intense recreational activities. Although available consumer leisure time is slated to expand at an annualized rate of 0.4% over the five years to 2024, benefiting the industry, this increase is expected to not stem from older consumers who are expected to remain in the workforce longer than previous generations. As a result, demand is expected to be tempered by low leisure time from older consumers who retire later in life.

Demand drives profitability

Demand for golf course and country club services typically increases as consumers generate higher levels of income; according to the NGF, 26.9% of all golfers have a household income of \$125,000 or more per year. The number of households earning more than \$100,000 in income annually is expected to increase an annualized 0.8% over the five years to 2024, which may contribute to greater revenue from one-time green fees, new memberships and renewals. Furthermore, an expected uptick in per capita disposable income during the period is expected to enable golf courses and country clubs to slightly increase green and membership fees, helping to prevent any significant declines in profit margins over the next five years. Consequently, the average industry profit margin, defined as earnings before interest and taxes, is expected to remain relatively similar, slightly declining to a 1.1% share of industry revenue over the five years to 2024.

The presence of many small operators in the industry is expected to continue to pressure the industry's average profit margin. These establishments do not achieve the economies of scale of larger players, but they continue to generate repeat business through their exceptional customer service and hospitality. However, smaller establishments may generate an increased amount of industry revenue over the five years to 2024, due to an expected slowdown in per capita disposable income growth compared with the previous five-year period.

Industry Landscape

The supply of golf courses has consistently exceeded consumer demand for much of the past 20 years, leading the number of golf courses in the United States to steadily decrease. This trend is expected to potentially stabilize over the five years to 2024, as the market readjusts following years of overexpansion. Limited construction efforts, coupled with stable demand for private golf course and country club activities, are expected to help maintain the number of industry courses and clubs. Over the five years to 2024, the number of golf course and country club locations is expected to contract at an annualized rate of 0.1% to 10,857 establishments. However, employment is expected to rise, increasing at an annualized rate of 0.6% to 325,924 employees over the five years to 2024.

Implementing marketing and technology

Heightened demand for competing outdoor sporting activities is expected to continue to pressure the industry. While golf courses and country clubs generally have little control over these factors, industry operators are expected to provide high quality service to existing and potential customers to combat rising competition. Operators may implement campaigns to attract individuals outside of their usual consumer base through local marketing activities and discounts for new members.

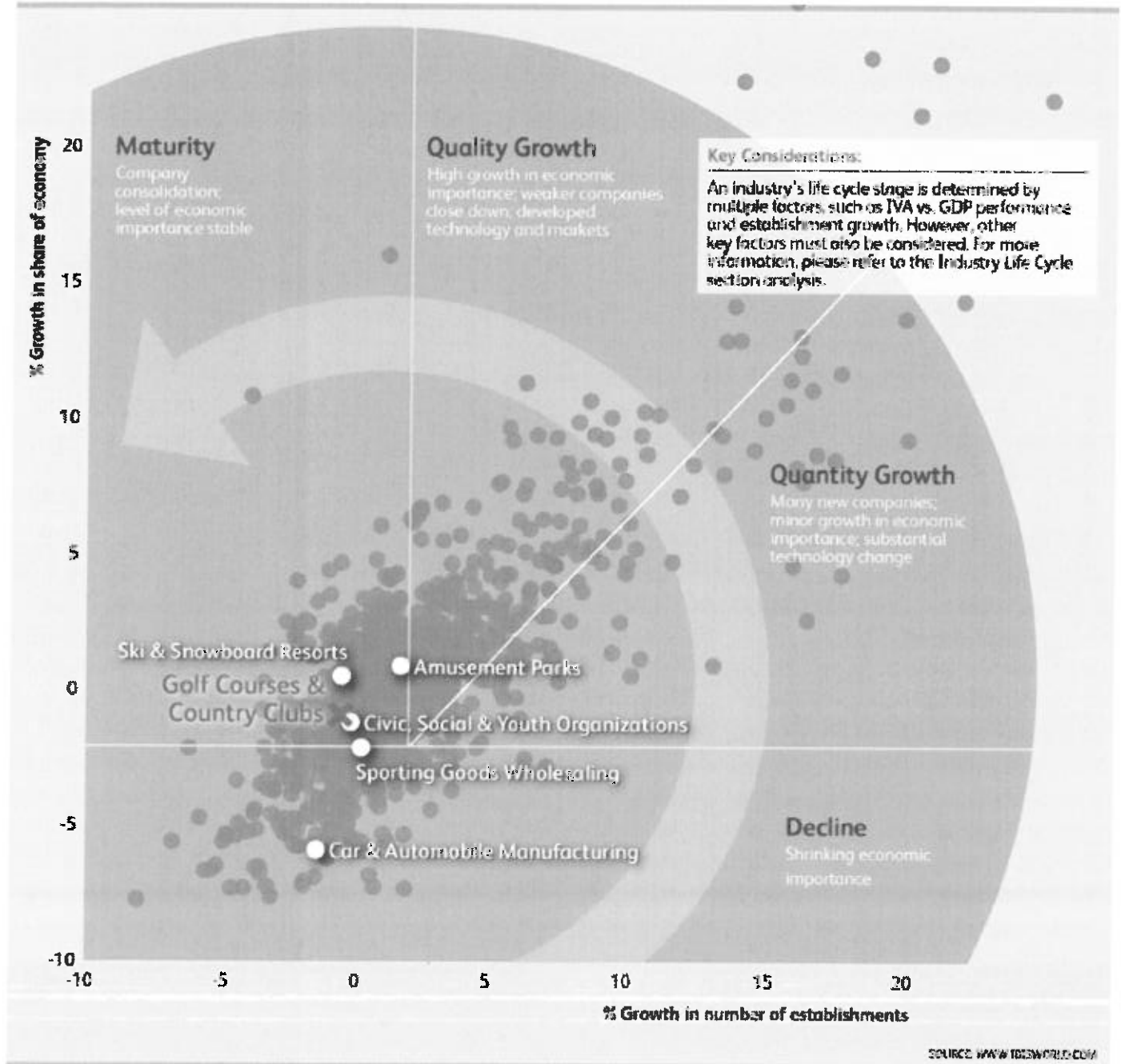
In addition, sophisticated golf courses and country clubs are expected to implement more industry-specific software systems to help them deliver better service. For example, IT systems are used to record and analyze consumer needs, usage patterns and satisfaction levels. This information enables businesses to determine the aspects of their operations that customers like or dislike, ultimately increasing customers for their business. This technology could help marginally increase golf participation and slow declining club membership rates.

INDUSTRY LIFE CYCLE

The Golf Courses and Country Clubs industry is in the mature phase of its life cycle. Over the 10 years to 2024, industry value added (IVA), which measures the industry's contribution to the overall economy, is expected to increase at an annualized rate of 1.1%, which is below the projected 2.1% annualized growth rate for US GDP during the same five-year period. The discrepancy between IVA and GDP growth reflects the industry's very minimal anticipated growth over the coming years. With levels of household income, corporate

profit and time spent on leisure and sports expected to improve very slowly over the five years to 2024, the industry's growth will likely trail that of the US economy moving forward.

Yearly changes in industry revenue and establishments are generally minimal. For example, industry establishments are expected to contract marginally over the 10 years to 2024 at an annualized rate of 0.5%. Golf courses and country clubs have developed few new services and generally differentiate themselves by the quality of services and prices that they offer; minimal technological growth and unchanged types of services provided both are further indications that the industry is in the mature stage of its lifecycle.



PRODUCTS & SERVICES

Greens Fess

Golf course green fees comprise a large source of revenue for the industry, generating 23.1% in 2019. Green fees are fees paid by golfers who are not members of a country club but wish to play an individual round of golf. According to data from the National Golf Foundation, golf participation rates have been falling for the past decade; some individuals find the "etiquette rules" (e.g. no cell phones, specific dress code) off-putting, while others find that the game takes too long to play. The majority of these golfers were casual golfers who paid green fees, as opposed to passionate golfers who tend to hold memberships to country clubs. As a result, green fees as a portion of industry revenue have decreased over the five years to 2019.

Additionally, an increasing number of golf courses that were owned and operated by municipalities were sold to private golf course management companies over the past five years. While municipality-owned golf courses often charge customers a daily green fee to play, private courses charge yearly membership fees. This trend further reduced green fees as a portion of industry revenue.

Memberships

Golf course memberships typically entitle a member to either unlimited golf games throughout the year or a set amount, often in addition to access to the associated country club facilities and events. This service segment is expected to generate an estimated 43.4% of revenue for the Golf Courses and Country Clubs industry in 2019, making it the industry's largest service segment. Membership fees have increased as a share of revenue over the five years to 2019, as rates have steadily improved alongside the economy. Moreover, while golf participation rates from marginal players and young Americans giving the sport a pass have decreased over the past five years, the market for consistent golfers has remained much steadier, somewhat increasing this segment's share of industry revenue.

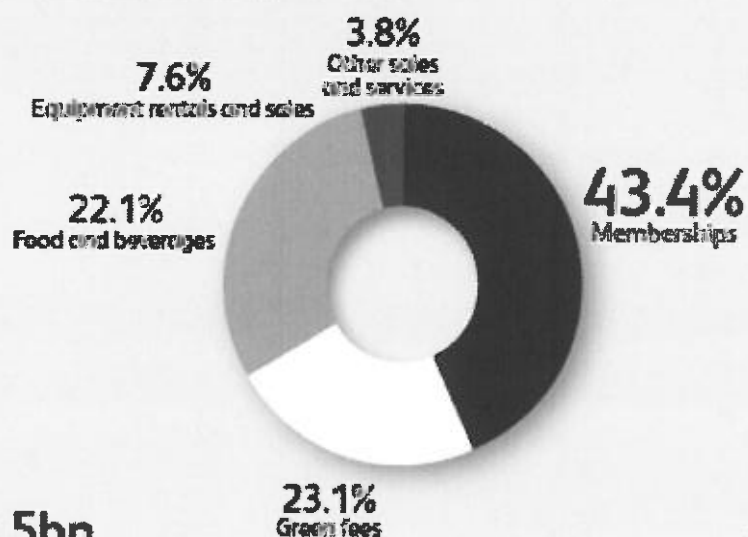
Food and beverages

Food and beverage sales account for 22.1% of revenue in 2019. The bulk of this segment is generated through sales of alcoholic beverages, although revenue is also generated through nonalcoholic beverages, meals and catered events. This segment has quickly increased as a percentage of industry revenue in recent years as disposable income has expanded and consumers have become more willing to splurge on eating and drinking on the course. Some food and beverage sales may be given as complementary goods to paying members, while other courses will charge the member's card that is on file at the course.

Rentals, merchandise sale, and other services

Golf club and other equipment rental, such as golf carts, make up 7.6% of revenue in 2019. Other revenue-earning operations include the sale of golf equipment and accessories as well as hosted corporate and party event services. These remaining services represent a combined 3.8% of industry revenue, and may also include miscellaneous services such as room rental or unit accommodation for club players, registration for sports tournaments and matches and other paid club activities.

Products and services segmentation (2019)



Total \$24.5bn

SOURCE: WWW.BIDWORLD.COM

Key Statistics

Industry Data

	Revenue (\$M)	Industry Value Added (\$M)	Establishments	Enterprises	Employment (thousands)	Exports	Imports	Wages (\$M)	Domestic Demand	Consumer spending (\$M)
2010	23,248.4	12,054.8	11,550	10,973	200,070	-	-	9,460.6	N/A	10,643.0
2011	24,874.4	11,591.7	11,751	10,957	202,905	-	-	9,185.3	N/A	10,940.8
2012	25,201.5	11,785.5	11,628	10,958	207,360	-	-	9,270.9	N/A	11,058.8
2013	29,213.8	11,974.4	11,597	10,955	215,623	-	-	9,351.3	N/A	11,185.9
2014	21,116.1	11,593.8	11,407	10,400	235,852	-	-	9,355.0	N/A	11,454.3
2015	25,514.8	12,263.8	11,200	10,354	265,231	-	-	9,853.7	N/A	11,531.3
2016	23,025.6	12,069.1	11,047	10,112	211,250	-	-	9,700.5	N/A	12,242.2
2017	25,351.5	12,203.6	10,961	10,059	211,196	-	-	9,607.8	N/A	12,508.7
2018	24,351.6	12,572.5	10,933	10,021	214,678	-	-	10,000.1	N/A	12,353.6
2019	24,460.1	12,611.6	10,916	9,972	216,044	-	-	10,073.8	N/A	12,233.1
2020	34,297.1	12,655.7	10,875	9,933	217,177	-	-	10,114.0	N/A	13,474.0
2021	24,701.6	12,740.8	10,840	9,903	219,190	-	-	10,181.4	N/A	13,716.5
2022	24,864.7	12,818.1	10,834	9,882	221,201	-	-	10,240.9	N/A	13,956.8
2023	23,195.3	12,711.0	10,847	9,878	223,785	-	-	10,301.9	N/A	14,186.8
2024	25,405.0	13,030.1	10,837	9,891	225,354	-	-	10,453.3	N/A	14,432.5
Sector Bank	6/19	5/19	10/19	11/19	3/19	N/A	N/A	4/19	N/A	N/A
Economy Bank	345/694	210/694	331/694	283/694	128/694	N/A	N/A	164/694	N/A	N/A

Annual Change

	Revenue (%)	Industry Value Added (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Consumer spending (%)
2011	-1.8	-3.9	-1.2	-1.1	-2.2	N/A	N/A	-2.8	N/A	1.9
2012	3.0	1.8	-1.0	-1.5	3.2	N/A	N/A	0.9	N/A	1.5
2013	-1.2	1.6	-0.3	-0.3	-3.9	N/A	N/A	0.9	N/A	1.5
2014	-0.4	-2.4	-1.6	-1.9	-0.6	N/A	N/A	0.5	N/A	2.9
2015	1.7	5.0	-1.1	-1.2	0.5	N/A	N/A	2.8	N/A	2.7
2016	1.7	1.6	-2.2	-2.2	5.4	N/A	N/A	0.5	N/A	2.7
2017	0.1	1.9	-0.7	-0.7	0.0	N/A	N/A	2.1	N/A	2.5
2018	1.6	2.1	-0.1	-0.2	1.1	N/A	N/A	1.2	N/A	2.7
2019	0.6	0.3	-0.6	-0.5	0.4	N/A	N/A	0.4	N/A	2.5
2020	0.6	0.3	-0.3	-0.4	0.4	N/A	N/A	0.4	N/A	1.8
2021	0.6	0.7	-0.2	-0.3	0.6	N/A	N/A	0.7	N/A	1.8
2022	0.7	0.6	-0.1	-0.2	0.6	N/A	N/A	0.6	N/A	1.7
2023	0.9	0.6	0.0	0.0	0.8	N/A	N/A	0.8	N/A	1.7
2024	0.8	0.7	0.2	0.1	0.7	N/A	N/A	0.7	N/A	1.7
Sector Bank	17/19	16/19	15/19	15/19	15/19	N/A	N/A	13/19	N/A	N/A
Economy Bank	552/694	574/694	550/694	551/694	559/694	N/A	N/A	555/694	N/A	N/A

Key Ratios

	TVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee (\$'000)	Wages/Revenue (%)	Employees per Est.	Average Wage (\$)	Share of the Economy (%)
2010	51.85	N/A	N/A	75.34	40.55	24.50	31,925.55	0.05
2011	50.94	N/A	N/A	78.84	40.24	24.84	31,727.80	0.07
2012	50.15	N/A	N/A	76.46	39.68	26.43	30,163.00	0.07
2013	51.58	N/A	N/A	76.16	40.26	25.40	31,643.00	0.07
2014	50.36	N/A	N/A	72.65	40.84	21.70	31,071.81	0.07
2015	52.15	N/A	N/A	79.63	41.05	26.17	32,659.00	0.09
2016	50.44	N/A	N/A	75.91	40.54	28.16	31,181.90	0.07
2017	51.36	N/A	N/A	77.00	41.06	28.39	31,841.91	0.07
2018	51.63	N/A	N/A	78.05	41.19	28.92	31,374.17	0.07
2019	51.56	N/A	N/A	77.39	41.18	28.97	31,874.68	0.07
2020	51.45	N/A	N/A	77.66	41.12	19.07	31,387.06	0.07
2021	51.39	N/A	N/A	77.67	41.07	29.42	31,897.62	0.08
2022	51.34	N/A	N/A	77.72	41.01	29.65	31,801.88	0.08
2023	51.57	N/A	N/A	77.81	41.01	29.85	31,909.43	0.08
2024	51.29	N/A	N/A	77.15	40.95	30.02	31,211.28	0.08
Sector Bank	6/19	N/A	N/A	10/19	3/19	6/19	5/19	3/19
Economy Bank	116/694	N/A	N/A	618/694	43/694	193/694	322/694	210/694

Figures are in relation to total 2019 figures. Ratios relate to 2019 data.

SOURCE: BUREAU OF ECONOMIC ANALYSIS

LOCAL COMPETITIVE GOLF CLUB MARKET

Northeastern United States is not a core golf market, as seasonality significantly shortens the playing season comparative to the southern and western parts of the country. However, the northeast market still consists of some of the most popular courses in the US including TPC of Boston, TPC River Highlands, and Bethpage Black among many others. Additionally, the strength of the northeastern economy and its recovery has generally outpaced the nation providing more disposable income to the area; a key metric in the success of the golf industry.

To examine the subject property in its proper context we must also examine its most direct competition and give consideration to the potential for new competition via proposed properties. The potential trade area for the subject is defined by the location and drawing power of the subject's facilities and amenities.

Our discussions with management at the various facilities in the market uncovered that this industry is very competitive, and project sponsors are very protective of their business models. As such, many facilities are reluctant to provide propriety data such as marketing strategies, operating performance, capital and maintenance costs, event and participation levels, or even annual membership.

The subject golf course has historically operated as a daily fee golf course, which was converted to a private course partially in 2016 and fully in 2017 prior to its permanent closure at the end of the 2017 season. The golf course and clubhouse opened in the 1970's. Based on our research and observations of the golf market, it is our opinion that the most probable buyer of the subject golf course would be a golf operator or an investor with the intent of operating the subject for a profit.

The following table summarizes the salient facts of the local competitive golf club facilities.

LOCAL GOLF COURSE COMPETITION

#	NAME	LOCATION	DIST. FROM SUBJECT	NO. OF HOLES	TYPE	ANNUAL MEMBERSHIP FEES			FAMILY / TWILIGHT	GREENS FEES* WALKING WITH CART	AMENITIES
						JUNIOR	INDIVIDUAL	SENIOR			
	The Hermitage Golf Club	70 Spyglass Lane, Wilmington, VT	-	18	Semi-Private						Pro shop, bar, dining area, lounge, locker room, and bag storage
1	ML Snow Golf Club	95 Country Club Lane, Dover, VT	7.0 Miles	18	Semi-Private	\$250	\$999	\$1,188	\$1,475	\$79	Club rentals, golf school, restaurant, and lounge
2	Stratton Mountain Golf Course	5 Village Lodge Road, Winothell, VT	20.0 Miles	27	Semi-Private	-	\$3,250	\$2,225	-	\$99	Golf deals and packages, golf school with 22-acre learning center that was founded by Arnold Palmer, restaurant, attached to an all-inclusive resort that provides numerous amenities aside from the golf course
3	The Golf Club at the Equinox	3567 Main Street, Manchester, VT	35.0 Miles	18	Semi-Private	\$300	\$2,500	-	\$1,600	-	Three restaurants, stay and play packages
4	Taconic Golf Club	19 Meacham Street, Williamstown, MA	44.4 Miles	18	Semi-Private	\$700	\$5,360	-	-	\$160	Renovated in 2009, stay and play, practice center featuring a large putting green, a chipping and bunker practice area, and practice nets, golf instructors, locker facilities, club storage, full service restaurant, private function space
5	Brattleboro Country Club	58 Senator Gannett Drive, Brattleboro, VT	20.0 Miles	18	Semi-Private	\$235 - \$1,020	\$1,675	\$1,585	\$2,695	\$52	Golf Boards, pro shop, restaurant, and corporate memberships
6	Manchester Country Club	229 Beech Street, Manchester Center, VT	34.0 Miles	18	Private	\$150	\$2,275	-	\$1,800	-	Practice range, putting green, short game area, restaurant, banquet space, tennis courts, golf and tennis instructional lessons

*Greens Fees are based on 18-Hole Weekend Rates

CONCLUSION

Overall, the local competitive market represents a strong semi-private golf market which supports a public or semi-private operation of the subject's golf course. Based on the above noted competitive rates, the subject's most recent public/semi-private greens fees noted above, and our discussions with local participants the subject's semi-private golf club membership operation is considered to be market supported.

NATIONAL RESIDENTIAL MARKET ANALYSIS

The residential housing market nationally and regionally has been impacted by a number of macroeconomic factors, including an increasing appetite for risky real estate investments, increasingly risky mortgages and debt instruments provided by financial institutions, and the delayed negative consequences of rapidly rising home sale prices. The "subprime lending crisis" wherein non-credit-worthy borrowers were able to secure financing for home purchases began as real estate, particularly residential real estate, became the "darling" of increasingly less sophisticated investors. The issuance of subprime loans and lax mortgage underwriting standards contributed to the shortening of supply and the corresponding dramatic rise in residential home values throughout the United States. Increasingly high demand forced prices upward, and single-family homes were selling quickly.

Overall, experts from the National Association of Realtors (NAR) predict that housing starts and new home sales are expected to achieve moderate growth through 2019. The limited amount of supply in key markets and if economic factors (interest rates, employment, etc.) remain unchanged, it is expected that slowed growth will continue for the foreseeable future. Home prices are also anticipated to rise, but by single-digit year-over-year rates over the next two years.

SALES PRICE OF EXISTING HOMES

Year	U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West
	Median					Average (Mean)				
2016	\$233,800	\$263,900	\$183,300	\$204,800	\$340,200	\$276,000	\$301,700	\$215,100	\$243,900	\$368,500
2017	247,200	275,000	194,900	218,500	366,400	289,200	312,200	226,400	255,400	388,200
2018	259,300	288,500	200,200	225,900	385,200	298,200	322,900	230,400	262,000	404,400
	Not Seasonally Adjusted					Not Seasonally Adjusted				
2018 May	265,100	285,400	208,800	232,900	393,000	303,700	320,500	237,500	270,500	409,500
2018 Jun	273,800	306,500	215,900	237,100	401,100	311,900	338,100	245,900	275,900	414,500
2018 Jul	269,300	308,900	209,300	233,000	393,500	307,600	339,000	239,300	269,600	411,100
2018 Aug	265,600	304,500	206,300	228,000	393,500	304,000	336,300	235,900	264,100	410,600
2018 Sep	256,900	286,200	199,100	223,300	386,300	296,000	320,400	228,100	258,200	406,000
2018 Oct	255,100	280,800	196,800	221,600	381,100	293,900	317,100	226,100	256,500	402,600
2018 Nov	257,400	290,300	198,000	223,600	383,400	296,100	322,900	226,900	259,100	404,300
2018 Dec	254,700	283,300	190,900	225,300	380,800	293,800	318,000	221,800	260,400	401,900
2019 Jan	249,300	279,800	189,800	216,000	374,600	288,100	316,300	219,000	250,100	397,300
2019 Feb	250,100	273,000	188,800	220,000	379,300	288,500	308,900	217,600	253,300	400,300
2019 Mar	259,700	277,500	200,200	228,100	389,300	297,500	313,200	229,400	263,200	408,400
2019 Apr	266,900	287,500	209,700	234,100	395,100	305,000	323,000	238,300	270,300	413,300
2019 May	277,700	304,100	220,500	241,400	409,100	314,000	333,800	248,200	278,800	420,900
% Δ (Last Year)	4.8%	6.6%	5.6%	3.6%	4.1%	3.4%	4.1%	4.5%	3.1%	2.8%

Source: National Association of Realtors

The median existing-home price for all housing types in May was \$277,700, up 4.8% from May 2018 (\$265,100). May's price increase marks the 87th straight month of year-over-year gains. May existing-home sale numbers in the Northeast increased 4.7% to an annual rate of 670,000, about equal to a year ago. The median price in the Northeast was \$304,100, up 6.6% from May 2018.

EXISTING HOME SALES

Year		U.S.	Northeast	Midwest	South	West	U.S.	Northeast	Midwest	South	West	Inventory*	Mos. Supply
2016		5,450,000	740,000	1,300,000	2,220,000	1,190,000	*	*	*	*	*	1,650,000	4.4
2017		5,520,000	740,000	1,300,000	2,260,000	1,220,000	*	*	*	*	*	1,460,000	3.9
2018		5,340,000	690,000	1,270,000	2,240,000	1,140,000	*	*	*	*	*	1,530,000	4.0
Seasonally Adjusted Annual Rate							Not Seasonally Adjusted						
2018	May	5,400,000	670,000	1,270,000	2,290,000	1,170,000	535,000	65,000	131,000	222,000	117,000	1,870,000	4.2
2018	Jun	5,390,000	710,000	1,270,000	2,260,000	1,150,000	570,000	75,000	144,000	230,000	121,000	1,930,000	4.3
2018	Jul	5,390,000	690,000	1,260,000	2,250,000	1,190,000	523,000	70,000	129,000	216,000	108,000	1,920,000	4.3
2018	Aug	5,350,000	700,000	1,280,000	2,250,000	1,120,000	539,000	76,000	134,000	220,000	109,000	1,910,000	4.3
2018	Sep	5,180,000	680,000	1,270,000	2,150,000	1,080,000	421,000	57,000	104,000	173,000	87,000	1,880,000	4.4
2018	Oct	5,220,000	690,000	1,260,000	2,180,000	1,090,000	446,000	61,000	109,000	182,000	94,000	1,850,000	4.3
2018	Nov	5,210,000	710,000	1,300,000	2,160,000	1,040,000	406,000	58,000	98,000	169,000	81,000	1,740,000	4.0
2018	Dec	5,000,000	680,000	1,190,000	2,100,000	1,030,000	377,000	53,000	83,000	165,000	76,000	1,530,000	3.7
2019	Jan	4,930,000	690,000	1,160,000	2,080,000	1,000,000	285,000	39,000	61,000	123,000	62,000	1,590,000	3.9
2019	Feb	5,480,000	690,000	1,270,000	2,360,000	1,160,000	311,000	36,000	66,000	143,000	66,000	1,630,000	3.6
2019	Mar	5,210,000	670,000	1,170,000	2,280,000	1,090,000	400,000	46,000	86,000	182,000	86,000	1,670,000	3.8
2019	Apr	5,210,000	640,000	1,180,000	2,280,000	1,110,000	456,000	53,000	104,000	200,000	99,000	1,830,000	4.2
2019	May p	5,340,000	670,000	1,220,000	2,320,000	1,130,000	540,000	66,000	130,000	230,000	114,000	1,920,000	4.3
% Δ (Last Month)		2.5%	4.7%	3.4%	1.8%	1.8%	18.4%	24.5%	25.0%	15.0%	15.2%	4.9%	2.4%
% Δ (Last Year)		(1.1%)	0.0%	(3.9%)	1.3%	(3.4%)	0.9%	1.5%	-0.8%	3.6%	(2.6%)	2.7%	2.4%
YTD (in millions)							1.992	0.240	0.447	0.878	0.427		

Note: Annual inventory figures are from December of each year

Source: National Association of Realtors

According to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), builder confidence rose three points to 66 in May 2018 which is the highest level since October 2018. This index reports builder perceptions of current single-family home sales and sales expectations for the next six months, and any number over 50 indicates that more builders view conditions as favorable. Within the Northeast region specifically, the index reflects some pessimism with a three-month average of 57 a six-point gain. The Boston market tends to outperform the region significantly and its comparatively tight markets would likely reflect an improved index if considered individually.

NATIONAL RESIDENTIAL MARKET CONCLUSION

The national residential market has recovered well from the recent economic recession that precipitated the declines realized in the market from 2008 through 2011. Home prices have generally trended upward since that point with home sales returning to new highs in terms of overall volume (5,340,000 units in 2018) and pricing (\$259,300 in 2018). Nationally, markets are generally favoring sellers with overall supply typically averaging below 4.5 months. New supply is coming online at a healthy pace by a builder community that is generally optimistic about housing starts over the near term. In the northeast, there continues to be limited supply in key markets as sellers are cautious about being able to reenter the ownership market after selling their residence at the upper end of the cycle. The limited supply is anticipated to continue as a challenge through the balance of 2019.

LOCAL RESIDENTIAL SUBMARKET

Submarket Overview

There are not any formally tracked surveys or reports available in the Windham County residential submarket. We discussed the local residential market with knowledgeable parties (brokers, town officials, etc.) to best understand the current residential submarket conditions.

It was reported that the overall residential market has been strong in recent years, with modest growth in supply in the primary residence market. Until the decline of The Hermitage Club operation, the second home and luxury home market was very strong. However, on-mountain residences continue to be in high demand at area ski resorts exhibiting continued demand in the overall vacation and second home market. It was reported that due to the nature of the secondary ownership market, these homes are more susceptible to changes in price when significant national and regional market shifts occur. Although, the area is reported to be fully recovered relative to the vacation home market since the national recession ended future performance of the market is a constant concern locally.

The subject's existing 24 units at Chamonix Village have all been sold to private owners and sold prior to their completion. The development's proximity to the base lodge is a highly desirable characteristic, which when operation will enhance the remaining entitlements to be sold. As discussed in the Extraordinary Assumptions section of the report, we have projected that the remaining eight townhome units at Chamonix Village will receive new approvals and construction will start Q3 2021. This is after an anticipated full season of ski operation and base lodge operations. Based on this projection and the previous sales velocity of the Chamonix Townhouses, we are of the opinion that sell out of these units will occur Q3 2023 (June 30, 2023).

EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market" (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2015). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property's exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

Exposure Time Conclusion

Discussions with market participants uncovered that the subject's location and conceptual operation are desirable to large investors or operators of similar recreational facilities. The high-end base lodge and well-located lodging assets would place downward pressure on exposure time; however, due to the complexity of the operation, subject's asset types (ski resort, golf course, lodging facilities, and undeveloped land), the limited maintenance currently ongoing at the subject property, and the lack of operation an extended exposure time would be expected. Considering these factors, a reasonable estimate of exposure time for the subject property is 18 to 24 months.

Marketing Period Conclusion

Marketing period is very similar to exposure time, but reflects a projected time period to sell the property, rather than a retrospective estimate. We have reviewed open listings and discussed the market with local participants, and given the nature of the subject property, we feel that a time period of 18 to 24 months is supported for the subject's marketing period.

INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject sites were listed in the Zoning Analysis section. Overall, legal factors support a narrow range of residential uses for the subject site.

Physical & Locational Factors

Regarding physical characteristics, the subject site is irregular in shape and has rolling topography with average access and average exposure. Generally, the subject site has frontage on arterial and neighborhood connector roadways. The immediate area is generally undeveloped woodland with clusters of mixed-use and commercial uses along main thoroughfares, with single-family subdivisions removed from arterials. Of the outright permitted uses, physical and locational features best support residential development for the site's highest and best use as-vacant.

Feasibility Factors

Regarding financial feasibility of a mixed use property in the region, construction delivery trends were previously discussed in the Market Analysis section. In general, the Southern Vermont Market and Windham County Submarket are experiencing a typical level of construction activity compared to historical norms. Based on this factor, as well as our analysis of other supply/demand factors that impact the feasibility of a mixed use development, it is unlikely that a developer would undertake a speculative project for the next year or two, although a build-to-suit project could decrease this holding period. Financial feasibility factors generally support near-term development of the subject site.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be residential development.

AS-IMPROVED ANALYSIS

Legal Factors

The various uses of the subject sites (as-improved) are all pre-existing non-conforming, or conditional uses. The legal factors influencing the highest and best use of the property support the subject's use as-improved.

Physical & Locational Factors

The physical and location characteristics of the subject improvements have been previously discussed in this report. The subject improvements as-improved are sufficiently supported by site features including its irregular shape, rolling topography, average access and average exposure. Further, the subject's location supports the subject improvements as-improved with similar and homogeneous developments present in the subject's immediate market area. Physical and location factors influencing the highest and best use of the property support the subject's use as-improved.

Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability

of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- › **Demolition** The subject improvements contribute significant value above the current land value. Therefore, demolition is not applicable in this case.
- › **Expansion** The subject property comprises approximately 1,114.32 acres (48,539,823 SF) and is improved with a Sport & Entertainment (Ski Resort), golf course, four lodging properties, and portions of developable (currently approved) land. Portions of the subject site do contain additional site area for expansion. However, due to the State's permitting process expansion aside from the currently approved eight units will likely not be permitted for several years. Therefore, expansion of the subject is not considered a viable option.
- › **Renovation** Renovation, in the form of capital expenditures, would not increase the value appreciably. For this reason, renovation is not appropriate.
- › **Conversion** Conversion is neither appropriate nor applicable to this property.
- › **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." This conclusion pertains to the subject's ski resort, golf course, and lodging operations. The as-proposed use of the eight townhome units in Chamonix Village represent the highest & best use of that site.

Among the five alternative uses, the subject's use as-improved & as-proposed is supported to be its Highest and Best Use.

Marketability Factors

In general a mixed use supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-improved.

As-Improved Conclusion

Based on the previous discussion, the highest and best use of the subject property as-improved is concluded to be the current improved uses and the as-proposed eight townhome units.

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

› Discounted Cash Flow (DCF)

The DCF analysis models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

› Direct Capitalization

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

› Potential Gross Income Multiplier

Also known as the PGIM, this method is appropriate within the Income Approach because it is recognized that purchasers are concerned with the income-producing ability of the property. The PGIM is derived by dividing the potential gross annual income of each comparable into the sales price. The PGIM has the advantages of simplicity and easy calculation. It is based on the premise that rents and sales prices move in the same direction and, essentially, in the same proportion as do net income and sales prices. The PGIM is typically used without adjustments. The final selection of a potential income multiplier is based upon the applicability of each comparable and a range is established.

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Income Approach is not a specific scope requirement of this assignment. The subject is somewhat unique and is typically not leased to third parties; therefore, market data for leases, operating expenses, capitalization rates and discount rates is scarce. Based on the preceding information, the Income Approach will not be presented. Further, the subject properties constituting hospitality uses are no longer in operation and there is not existing going concern to consider. For this reason, we do not consider the income approach to be an appropriate method for the hospitality and leisure uses.

For the remaining units at Chamonix Village, the bulk discounted market value (discounted value of the development) is applicable to typical interim purchasers of the product type such as developers, investors, or entrepreneurs. The concept for the bulk discounted market value is essentially the same as the Discounted Cash Flow method for typical income-producing property in which all future income streams are discounted into a present worth or value. The market value (present worth of all future cash flows) is considered to be the applicable value for purposes of this appraisal report.

The determination of the property value estimate depends largely upon identifying the actual market. The gross sellout would pertain to that portion of the market that purchases a unit for its intended use: typically, in the case of residential condominiums, the homeowner. These buyers would typically purchase one unit at a time and would expect to pay the retail value for the unit. It is unlikely that a homeowner would ever purchase an entire condominium development, thus, a homeowner would not typically be motivated by the gross sellout of the development.

For the Income Approach, the gross retail sellout is estimated via the Sales Comparison Approach – Finished Units. This estimate is then incorporated into the DCF Analysis. The DCF Analysis then entails the development of a net income stream per period (based on an absorption rate), discounting this income stream to a present worth by use of an appropriate discount rate. In the analysis of residential projects, this discounted bulk value analysis is commonly referred to as Subdivision Analysis.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach for the subject's four lodging and golf course assets. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

For the Chamonix Village analysis, the Sales Comparison Approach is utilized for analyses and estimation of the appropriate average sale price for the average dwelling unit, which value is subsequently utilized in the bulk discount (DCF) model.

LAND VALUATION

In the valuation of vacant unimproved land there are six valuation techniques. They are as follows.

› **Sales Comparison Approach**

This technique compares the property to recently sold parcels of land. Adjustments are completed for various differences such as date of sale, location, land size, and highest and best use.

› **Land Residual Approach**

The land is assumed to be improved to its highest and best use and the net income attributable by deducting all the building expenses. The net income is then capitalized into a value indication of the land only.

› **Development Approach**

The total of undeveloped land is estimated by the market value of finished lots and then deducting the development and incentive costs which will be incurred in the sale of the retail lots. The net sales income is estimated during the forecasted marketing period and discounted to reflect the time value of money.

› **Ground Rent Capitalization**

In certain instances, unimproved land may be leased or used for retail purposes. In such cases, a net income is estimated and the income is capitalized into an indication of value.

› **Allocation**

In areas where sales of land occur so seldom, this approach is based upon allocating sale prices of improved property through the use of typical ratios found between land and property values.

› **Extraction**

This is a form of allocation where the land value is extracted from the sale price of improved property. Here, the appraiser estimates the depreciated value of the improvements and this value is deducted from the sale price to produce the residual land value.

Development land in the subject marketplace is most often valued utilizing the Sales Comparison Approach. Characteristics specific to the subject property warrant that a site value is developed. Within the land valuation analysis section, we have analyzed comparable sales to indicate a price per acre of similar land in the market and then reconciled this value relative to the subject's vacant and improved (Base Lodge Site) sites.

COST APPROACH

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. For investment properties, this valuation technique is most often relied upon as a test of financial feasibility for proposed construction.

Characteristics specific to the subject property warrant that this valuation technique is developed for the subject's Base Lodge improvements. The Cost Approach has limited applicability for the remaining improvements due to their age and lack of market based data to support an estimate of accrued depreciation. The subject's Base Lodge property has specialized or unique improvements that are difficult to account for with other traditional approaches to value; therefore, the marketplace typically places significant emphasis on depreciated replacement cost. Based on the preceding information, the Cost Approach will be presented.

RECONCILIATION OF VALUE CONCLUSIONS

The value conclusions for each asset will be reconciled at the completion of each approach to value, as applicable and into the final opinion of market value for each asset in the Analysis of Value Conclusions section. Additional value scenarios presented subsequent to the Analysis of Value Conclusions include: Liquidation Value.

PRESENTATION OF VALUATION SECTIONS

Based on the above discussion, the various valuation scenarios have been presented as summarized below.

› **Land Valuation Analysis**

- Base Lodge Lot
- Glebe Lot
- Remaining Undeveloped Land

› **Base Lodge**

- Cost Approach

› **Sales Comparison Approach**

- Hermitage Inn
- Snow Goose Inn
- Doveberry Inn
- Horizon Inn
- The Hermitage Golf Club

› **Chamonix Village Entitlements**

- Discounted Sellout Model

INTRODUCTION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. Land value is influenced by a number of factors; most prominent of which is development and use potential. These factors, as well as others, are considered in the following analysis.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per square foot. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace.

COMPARABLE SELECTION

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of commercial sites that are similar to the subject property in terms of location and physical characteristics. However, given the scarcity of similar sites considering the subject's on-mountain Based Lodge site and implied Act 250 approval (as the site is improved) similarly located (on mountain) sales were not uncovered. Therefore, we have presented commercial land sales which were reportedly approved for development at the time of conveyance. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest land sales were adjusted accordingly.
Financing Terms	The subject site was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales and/or assemblages.
Expenditures After Purchase	Adjustments were applied if site conditions warranted expenditures on the part of the buyer to create a buildable site. Examples include costs for razing pre-existing structures, general site clearing and/or mitigation of environmental issues.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2019	(As-Is)	1%

The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

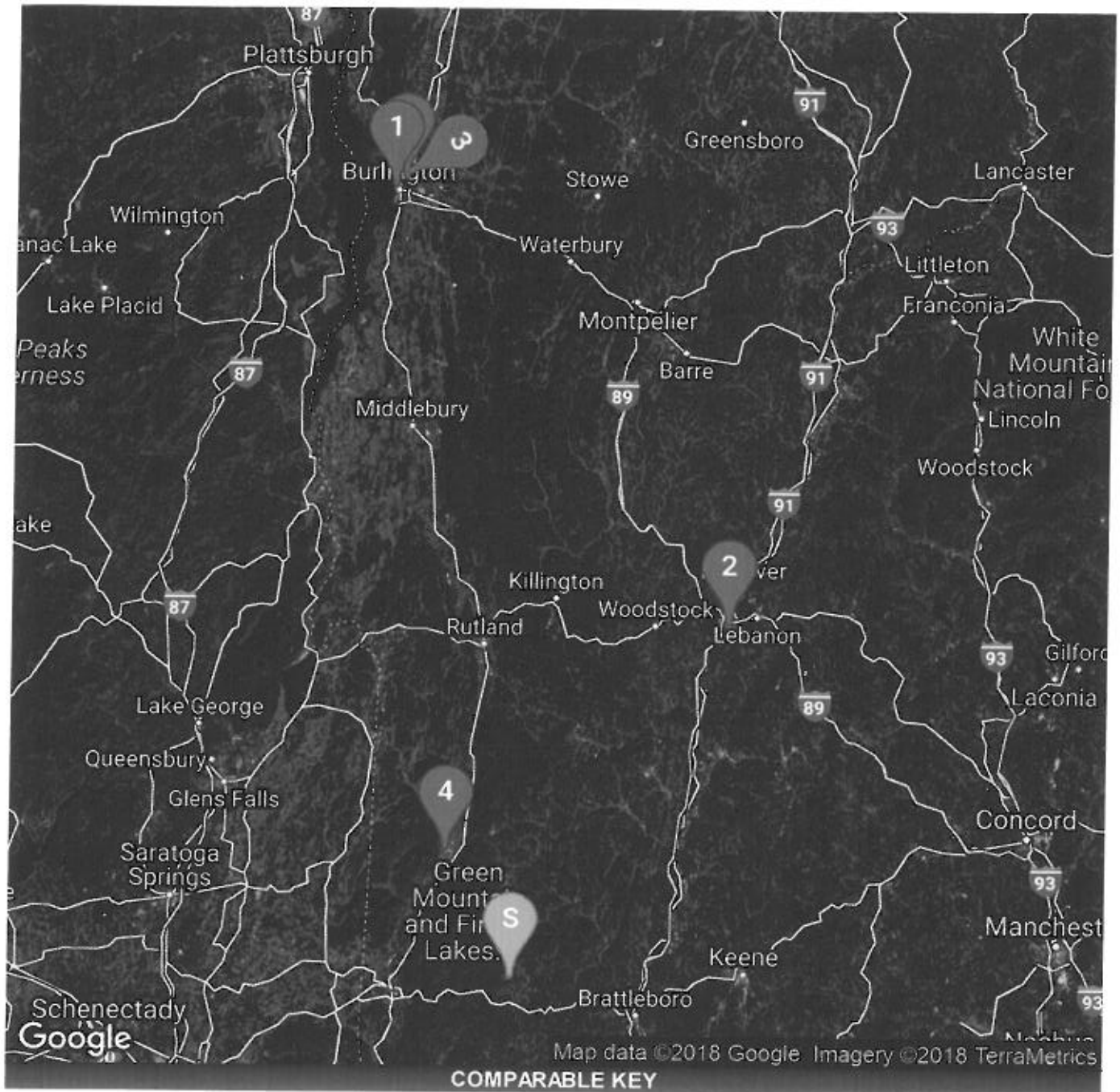
Qualitative adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

PRESENTATION

The following Land Sales Summation Table, Location Map and datasheets summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE					
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	The Hermitage Club	Land	Land	Land	Land
Address	183 Gatehouse Trail	67 Cherry Street	257 Plainfield Road	70 Main Street	4529 Main Street
City	Wilmington	Burlington	West Lebanon	Winooski	Manchester
State	VT	VT	NH	VT	VT
Zip	05363	05401	03784	05404	05255
County	Windham	Chittenden	Grafton	Chittenden	Bennington
APN	HERMITGE.BSL	114-035-14874	10177154	774-246-10809	375-116-11550
PHYSICAL INFORMATION					
SF	111,078	77,101	43,560	33,977	114,563
Location	Average	Good/Excellent	Average	Average	Fair/Average
Exposure	Average	Good	Good	Average/Good	Average/Good
Access	Average	Good	Good	Average	Fair/Average
Shape	Irregular	Irregular	Irregular	Irregular	Irregular
Site Utility Rating	Average	Average	Average	Average	Average
Zoning	CR	Downtown	General	CBD	GR-1 & C-1
Topography	Rolling	Level	Level	Level	Level
SALE INFORMATION					
Date		1/22/2018	10/6/2016	3/7/2016	2/1/2016
Status		Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$7,600,000	\$1,725,000	\$712,000	\$1,600,000
Analysis Price		\$7,600,000	\$1,725,000	\$712,000	\$1,600,000
\$/SF Land		\$98.57	\$39.60	\$20.96	\$13.97

LAND SALES LOCATION MAP



COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/SF
SUBJECT	-	183 Gatehouse Trail, Wilmington, VT	-	-	-	-
No. 1	108.9 Miles	67 Cherry Street, Burlington, VT	1/22/2018	1.8	77,101	\$99.56
No. 2	56.2 Miles	257 Plainfield Road, West Lebanon, NH	10/6/2016	1.0	43,560	\$40.79
No. 3	139.6 Miles	70 Main Street, Winooski, VT	3/7/2016	0.8	33,977	\$21.59
No. 4	19.6 Miles	4529 Main Street, Manchester Center, VT	2/1/2016	2.6	114,563	\$14.39
						-
						-

COMPARABLE 1

LOCATION INFORMATION

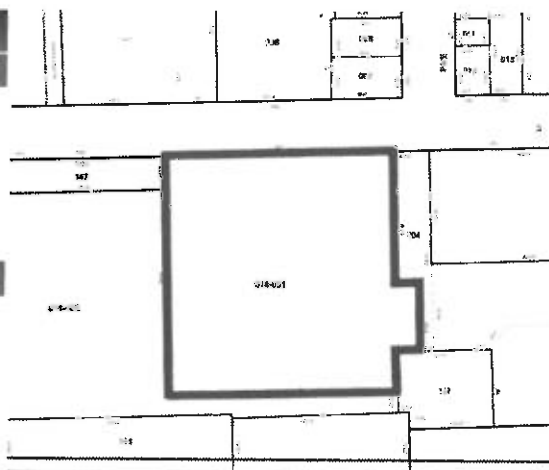
Name Land
Address 67 Cherry Street
City, State, Zip Code Burlington, VT, 05401
County Chittenden
APN 114-035-14874

SALE INFORMATION

Buyer RD Burlington Anchor Assocs LI
Seller Macys Retail Holdings, Inc.
Transaction Date 01/22/2018
Transaction Status Recorded
Transaction Price \$7,600,000
Analysis Price \$7,600,000
Recording Number 01378/327
Rights Transferred Fee Simple
Financing All Cash
Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Redevelopment
Location Good/Excellent
Frontage Average
Site Size Acres SF
Net 1.77 77,101
Gross 1.77 77,101
Zoning Downtown
Shape Irregular
Topography Level
Access Good
Exposure Good



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$4,293,785	\$98.57
Net	\$4,293,785	\$98.57

CONFIRMATION

Name Public Records
Company CoStar
Source CoStar

REMARKS

On January 1, 2018, RD Burlington Anchor Assocs LI purchased this 77,101 SF parcel of land from Macys Retail Holdings, LLC for \$7,600,000 (\$98.57/SF). At the time of this conveyance the site was improved with a vacant former Macy's retail store. The asset was acquired by the neighboring mall owner, as part of a conceptual redevelopment of a larger retail or mixed-use development. It was reported that the acquisition represented primarily land value with some consideration of the building shell which would remain as part of redevelopment. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources. Although efforts were made to confirm this information with parties firsthand to the transaction they were either unavailable or unwilling to do so. This site is an irregular, interior parcel containing a gross site area of 77,101 SF (or 1.77-Acre), and is zoned "Downtown" by the City of Burlington.

COMPARABLE 2

LOCATION INFORMATION

Name Land
Address 257 Plainfield Road
City, State, Zip Code West Lebanon, NH, 03784
County Grafton
APN 10177154

SALE INFORMATION

Buyer West Lebanon Retail Management, LLC
Seller Augusta-Bristol Pizza, LLC
Transaction Date 10/6/2016
Transaction Status Recorded
Transaction Price \$1,725,000
Analysis Price \$1,725,000
Recording Number 4239/313
Rights Transferred Fee Simple
Financing All Cash
Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Redevelopment
Location Average
Frontage Average
Site Size Acres SF
Net 1.00 43,560
Gross 1.00 43,560
Zoning General Commercial
Shape Irregular
Topography Level
Access Good
Exposure Good



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$1,725,000	\$39.60
Net	\$1,725,000	\$39.60

CONFIRMATION

Name Rick Kiely
Company Kiely & Co.
Source Seller's Broker

REMARKS

On October 6, 2016, West Lebanon Retail Management, LLC purchased this 43,560 SF parcel of land from Augusta-Bristol Pizza, LLC for \$1,725,000 (\$39.60/SF). This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Listing Broker, Rick Kiely from Kiely & Co. This site is an irregular, interior parcel containing a gross site area of 43,560 SF (or one Acre), and is zoned GC - "General Commercial" by the City of West Lebanon.

COMPARABLE 3

LOCATION INFORMATION

Name Land
Address 70 Main Street
City, State, Zip Code Winooski, VT, 05404
County Chittenden
APN 774-246-10809

SALE INFORMATION

Buyer Red Stone
Seller Keybank NA
Transaction Date 03/7/2016
Transaction Status Recorded
Transaction Price \$712,000
Analysis Price \$712,000
Recording Number 221/725
Rights Transferred Fee Simple
Financing All Cash
Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Redevelopment
Location Average
Frontage Average
Site Size Acres SF
Net 0.78 33,977
Gross 0.78 33,977
Zoning CBD
Shape Irregular
Topography Level
Access Average
Exposure Average/Good
Corner Yes



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$912,821	\$20.96
Net	\$912,821	\$20.96

CONFIRMATION

Name William Kiendl
Company V/T Commercial
Source Seller's Broker

REMARKS

On March 7, 2016, Red Stone purchased this 33,977 SF parcel of land from Keybank NA for \$712,000 (\$20.96/SF). This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Listing Broker, William Kiendl from V/T Commercial. This site is an irregular, corner parcel containing a gross site area of 33,977 SF (or 0.78-Acre), and is zoned CBD - "Central Business District" by the City of Winooski.

COMPARABLE 4

LOCATION INFORMATION

Name Land
 Address 4529 Main Street
 City, State, Zip Code Manchester Center, VT, 05255
 County Bennington
 APN 375-116-11550

SALE INFORMATION

Buyer Manchester Hotel Associates II, LLC
 Seller Iron Point Partners
 Transaction Date 02/1/2016
 Transaction Status Recorded
 Transaction Price \$1,600,000
 Analysis Price \$1,600,000
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Redevelopment
 Location Fair/Average
 Frontage Average
 Site Size Acres SF
 Net 2.63 114,563
 Gross 2.63 114,563
 Zoning GR-1 & C-1
 Shape Irregular
 Topography Level
 Access Fair/Average
 Exposure Average/Good



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$608,365	\$13.97
Net	\$608,365	\$13.97

CONFIRMATION

Name John MacAffer
 Company CBRE
 Source Seller's Broker

REMARKS

On February 1, 2016, Manchester Hotel Associates II, LLC purchased this 114,563 SF parcel of land from Iron Point Partners for \$1,600,000 (\$13.97/SF). After this conveyance, the site was improved with a hotel property. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Listing Broker, John MacAffer from CBRE. This site is an irregular, interior parcel containing a gross site area of 114,563 SF (or 2.63-Acre), and is zoned GR-1 & C-1 by the Town of Manchester.

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	The Hermitage	Land	Land	Land	Land
Address	183 Gatehouse Trail	67 Cherry Street	257 Plainfield Road	70 Main Street	4529 Main Street
City	Wilmington	Burlington	West Lebanon	Winooski	Manchester Cente
APN	HERMITGE.BSL	114-035-14874	10177154	774-246-10809	375-116-11550
SF	111,078	77,101	43,560	33,977	114,563
Location	Average	Good/Excellent	Average	Average	Fair/Average
Exposure	Average	Good	Good	Average/Good	Average/Good
Access	Average	Good	Good	Average	Fair/Average
Shape	Irregular	Irregular	Irregular	Irregular	Irregular
Site Utility Rating	Average	Average	Average	Average	Average
Zoning	CR	Dow ntow n	General	CBD	GR-1 & C-1

SALE INFORMATION

Date	1/22/2018	10/6/2016	3/7/2016	2/1/2016
Status	Recorded	Recorded	Recorded	Recorded
Rights Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price	\$7,600,000	\$1,725,000	\$712,000	\$1,600,000
Price/SF	\$98.57	\$39.60	\$20.96	\$13.97

TRANSACTIONAL ADJUSTMENTS

Property Rights	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%
Financing	0%	0%	0%	0%
Expenditures After the Sale	0%	0%	0%	0%
Market Conditions¹	1%	3%	3%	3%
Subtotal Transactional Adj Price	\$99.56	\$40.79	\$21.59	\$14.39

PROPERTY ADJUSTMENTS

Location	Superior	Similar	Similar	Inferior
Size	Similar	Smaller	Smaller	Similar
Exposure	Superior	Superior	Sl. Superior	Sl. Superior
Access	Superior	Superior	Similar	Similar
Shape	Similar	Similar	Similar	Similar
Site Utility Rating	Similar	Similar	Similar	Similar
Zoning	Similar	Similar	Similar	Similar
Demolition	Similar	Similar	Inferior	Similar
Vertical Imps.	Superior	Similar	Similar	Similar

TOTAL ADJUSTED PRICE	\$99.56	\$40.79	\$21.59	\$14.39
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STATISTICS	UNADJUSTED	ADJUSTED
LOW	\$13.97	\$14.39
HIGH	\$98.57	\$99.56
MEDIAN	\$30.28	\$31.19
AVERAGE	\$43.28	\$44.08

¹ Market Conditions Adjustment: 1%

Date of Value (for adjustment calculations): 6/27/19

LAND VALUE CONCLUSION

The comparable land sales indicate an adjusted value range from \$14.39 to \$99.56/SF, with a median of \$31.19/SF and an average of \$44.08/SF. Based on the results of the preceding analysis, Comparable 2 (\$40.79/SF adjusted), Comparable 3 (\$31.59/SF adjusted), and Comparable 4 (\$14.39/SF adjusted) are given primary consideration for the subject's opinion of land value.

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE					
ANALYSIS					
COMP	PRICE	TRANSACTIONAL ¹	ADJUSTED	NOTES	OVERALL COMPARISON
1	\$98.57	1%	\$99.56	Overall, this comparable warrants downward adjustment.	SECONDARY
2	\$39.60	3%	\$40.79	Overall, this comparable warrants downward adjustment.	PRIMARY
3	\$20.96	3%	\$21.59	Overall, this comparable warrants upward adjustment.	PRIMARY
4	\$13.97	3%	\$14.39	Overall, this comparable warrants upward adjustment.	PRIMARY
LOW	\$14.39			AVERAGE	\$44.08
HIGH	\$99.56			MEDIAN	\$31.19
COMPONENT		SUBJECT SF		\$/SF CONCLUSION	
Base Lodge Site		111,078	x	\$30.00 =	\$3,330,000
				Rounded to nearest \$10,000	

¹Cumulative ²Additive

This land value conclusion has been carried through to the Cost Approach analysis for the subject's Base Lodge, presented after the Land Valuation analysis for the remaining undeveloped land.

INTRODUCTION

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure,, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.⁵

REPLACEMENT COST ANALYSIS

The following cost approach to value was developed based on replacement cost analysis. Replacement Cost is defined as: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.⁶

Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, marketing costs and contingency.

Replacement Cost New (Building)

This section calculates the replacement cost new of the subject building improvements by estimating total direct and indirect costs to which an entrepreneurial profit incentive is applied. One source was selected to support direct and indirect costs: Marshall Valuation Service. This selection is appropriate considering the scope and intended use of the appraisal, and given that the subject improvements are new construction.

Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout the United States for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered the authority on building costs. The following pages outline the process we applied for developing replacement cost new of the subject building improvements with Marshall Valuation Service.

First, the subject components were researched to identify the applicable base building costs per square foot. The subject's Base Lodge improvements do not represent a typical single building type construction. The improvements consist of finishes for dining, office, locker room, fitness center uses with construction styles similar to high-end, luxury resort residences. In consideration of these varying uses we have compiled the most probable cost estimates from Marshall Valuation, which are presented in the following table.

MARSHALL VALUATION SERVICES COST FIGURES						
COMPONENT	SECTION	PAGE	DATE	CLASS	QUALITY	COST/SF
Lodges	12	14	Aug-18	D	Excellent	\$209.00
High-Value Residences	12	27	Aug-18	D	Excellent	\$489.00
High-Value Residences	12	27	Aug-18	D	Good	\$410.00
Restaurants	13	14	May-18	D	Excellent	\$203.00
Banquet Halls	13	19	May-18	D	Excellent	\$202.00
					Low	\$202.00
					High	\$489.00
					Average	\$302.60
					Median	\$209.00

⁵ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

⁶ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

As shown above the range in costs per square foot range from \$202 to \$489, with an average of \$302.60 and a median of \$209. Based on the subject's construction types and finishes, we have utilized the average cost per square foot exhibited by the presented range in our analysis to follow.

Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

REPLACEMENT COST NEW (BUILDING)			
MARSHALL VALUATION SERVICE DIRECT COST			
Number of Buildings	1		
Gross Building Area	88,813 SF		1
MVS Building Type			Base Lodge
Number of Stories			4
Component SF (Gross)			88,813
Base Cost (Per SF)			\$302.60
SQUARE FOOT REFINEMENTS			
Heating and Cooling			\$15.75
Fire Sprinklers			\$3.00
Elevators			\$2.75
Subtotal			\$324.10
HEIGHT & SIZE REFINEMENTS			
Number of Stories Multiplier			1.000
Height Per Story Multiplier			1.000
Area/Perimeter Multiplier			1.000
Subtotal			\$324.10
COST MULTIPLIERS			
Current Cost Multiplier			1.02
Local Multiplier			1.01
DIRECT COSTS PER SF			\$333.89
Indirect Cost (% of Direct) ¹	15%		15%
INDIRECT COST PER SF			\$50.08
DIRECT & INDIRECT TOTAL PER SF			\$383.97
CALCULATION OF REPLACEMENT COST NEW WITH PROFIT			
Component SF (Gross)			88,813
Direct & Indirect Total			\$34,101,616
ENTREPRENEURIAL PROFIT % ¹	0%		0%
Entrepreneurial Profit \$			\$0
FINAL TOTAL REPLACEMENT COST NEW			\$34,101,616

¹Colliers International Estimate

Based on our research, indirect costs are typically 10% to 20% of direct cost for this type of development in the marketplace. Considering the size and project characteristics, we have estimated indirect costs at 15% of direct costs.

Entrepreneurial profit compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. However, the Base Lodge was not developed as part of a typically motivated development. The Base Lodge is part of the overall private ski resort operation and in turn was developed as part of marketing and branding to sell club memberships. Therefore, the costs to construct these improvements were not typical of a "for profit" development. As such the subject developer anticipated nominal entrepreneurial profit, or perhaps even none as part of this undertaking. Therefore, an allocation of 0% was used in this analysis.

External Obsolescence

As previously discussed, the subject property represents the largest full-service private ski resort in Vermont, and one of only two private ski resorts in the United States. The operating documents of The Hermitage Club permit up to 1,500 memberships. Based on the club operation through 2017, it was estimated that the ideal membership level is between 900 and 1,000 total members. However, for the club to breakeven between 600 and 650 memberships are needed.

Membership fees started at \$65,000 the first year of operation, with annual dues of \$6,500. In the years that followed, the initiation cost increased by \$10,000 per year through 2017 cresting to \$85,000. During this time the annual dues increased \$1,000 per year. As the club started to have financial struggles the membership fee was reduced, with credits for food and services provided to members who had signed up at the previously higher rate. Annual dues were also increased with the most recent year's operation seeking to collect \$10,000 in dues per existing member.

Memberships at the subject increased year over year through 2017, with 112 memberships sold in 2016, (the peak) 569 members at the end of the 2017-2018 season. According to an owner's representative, it was projected that approximately 100 members will leave the club, resulting in approximately 450 members. We have also considered the further financial struggles, current shut down of the club, and pending lawsuits; and that most, if not all, of the members have ceased payment of dues with no new membership sales permitted since March 2018. Based on these factors, it is highly probable that a significant level of attrition of existing members will continue to occur during the shutdown and potential reopening.

To account for the temporary external obsolescence negatively impacting the Club's ski and Base Lodge operation, we have estimated membership attrition and growth, and corresponding revenues over an eight-year period. The model accounts for five years (2020-2024) of club reorganization, rebranding, and reopening with an additional three years of operation leading to stabilization at the end of the 2027 season.

The beginning of the model accounts for membership attrition of 30%, 20%, 20%, 15%, 7.5%, and 7.5% from today through the end of the 2024 season; these attrition rates allow for a full turnover of the existing membership over the five-year period. With new membership growth commencing in Year 2 (2021) of 5% followed by increasing growth of 7.5%, 15%, and 30% (2024). The resulting membership at the end of the five-year reorganization period is projected to be 261 members.

To project initiation fees and annual dues, we have considered the previously presented membership rates at other ski operations in Vermont, as well as the Club's historic operation. The broad range of initiation fees is from \$12,500 to \$150,000, depending on service levels and amenities. Based on the need to attract new members we have projected discounted fees at the beginning of the model. The Year 1 projected initiation fees are \$30,000 and the annual dues start at \$7,500, these reflect an approximately 50% discount from the most recent operation prior to closing. The discounted initiation fees and annual dues during this time-period are considered warranted as successful demand and interest will need to be seen before significant membership growth can be achieved. Further, the need to rebuild good will with existing members (annual dues) and potential members by offering discounted fees is necessary while competent management and operation can be exhibited.

The following table summarizes our projected membership , revenues earned from new member sales, as well as annual dues collected.

THE HERMITAGE CLUB MEMBERSHIPS - COLLIERS PROJECTION

YEAR	SEASON YEAR END								
	0	1	2	3	4	5	6	7	8
MEMBERSHIP FIGURES	2019	2020	2021	2022	2023	2024	2025	2026	2027
Starting Memberships	450	315	252	214	198	213	261	339	458
New Members	0	0	13	16	30	64	91	136	206
Attrition	(135)	(63)	(50)	(32)	(15)	(16)	(13)	(17)	(23)
Ending Memberships	315	252	214	198	213	261	339	458	641
Initiation Fee	\$0	\$30,000	\$30,000	\$40,000	\$40,000	\$40,000	\$50,000	\$50,000	\$50,000
x New Members	0	0	13	16	30	64	91	136	206
Total New Membership Initiation Fees	\$0	\$0	\$378,000	\$642,600	\$1,188,810	\$2,555,942	\$4,566,083	\$6,783,895	\$10,303,040
Annual Dues	\$0	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$10,000	\$10,000	\$10,000
x Ending Memberships	315	252	214	198	213	261	339	458	641
Total Annual Club Dues	\$0	\$1,890,000	\$1,606,500	\$1,486,013	\$1,597,463	\$1,956,893	\$3,391,947	\$4,579,129	\$6,410,781
TOTAL ANNUAL MEMBERSHIP REVENUES	\$0	\$1,890,000	\$1,984,500	\$2,128,613	\$2,786,273	\$4,512,834	\$7,958,030	\$11,363,024	\$16,713,821

As previously discussed, ownership believes the optimal membership level is between 900 and 1,000 members and between 600 to 650 members paying annual dues needed to break even on the club operation. As shown above, the membership level at the end of the eight-year stabilization period is 641 which equates to a stabilized operation.

To calculate External Obsolescence, we must consider the potential revenue lost through non-stabilized operation and the expense carry for the Base Lodge operation. Discussions with the ownership and previously provided operating history and proformas uncovered that the cost for Base Lodge and ski operation ranged from approximately \$9 million to \$10 million dollars, annually without consideration of salaries, benefits, or wages. The salaries, benefits, and wages expense was excluded as no detail was provided or made available for this category and we were unable to credibly determine if salaries were being paid for non-club operation employees.

The following table presents the projected operating revenue (and losses) for the club over the eight-year stabilization period. We have utilized a 20.0% discount rate to calculate the net present value of the revenue stream which will be utilized in the depreciation analysis as a deduction for External Obsolescence.

NET PRESENT VALUE OF OPERATING REVENUE TO STABILIZATION

YEAR	1	2	3	4	5	6	7	8
Total Annual Membership Revenues	\$1,890,000	\$1,984,500	\$2,128,613	\$2,786,273	\$4,512,834	\$7,958,030	\$11,363,024	\$16,713,821
Less: Projected Operating Expenses	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
Operating Revenue	(\$8,110,000)	(\$8,015,500)	(\$7,871,388)	(\$7,213,727)	(\$5,487,166)	(\$2,041,970)	\$1,363,024	\$6,713,821
NET PRESENT VALUE CALCULATION								
Discount Rate	20.0%							
Net Present Value of Operating Revenue	(\$21,305,901)							
(External Obsolescence Deduction)								

Depreciation Analysis (Building)

The following table details the depreciation estimate developed for the subject building improvements.

DEPRECIATION ANALYSIS (BUILDING)		1
TOTAL REPLACEMENT COST NEW		\$34,101,616
LESS: Physical Curable		\$0
LESS: Functional Curable		\$0
LESS: Functional Incurable		\$0
Subtotal Adjusted Replacement Cost New		\$34,101,616
Age/Life Analysis		
Economic Life		50
Effective Age		5
Remaining Economic Life		45
Percent Depreciated		10.0%
LESS: Age/Life Depreciation		(\$3,410,162)
Adjusted Replacement Cost New		\$30,691,454
LESS: Economic Obsolescence (External)		(\$21,305,901)
Depreciated Replacement Cost New (Building)		\$9,385,553

Our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the age-life analysis. For this analysis it is assumed that economic obsolescence was allocated solely to the improvements. The depreciation analysis for the subject building improvements is summarized in the following table.

DEPRECIATION ANALYSIS SUMMARY (BUILDING)		
APPROACH	TOTAL	\$/SF
TOTAL REPLACEMENT COST NEW	\$34,101,616	\$384
LESS: Physical Curable	\$0	\$0
LESS: Functional Curable	\$0	\$0
LESS: Functional Incurable	\$0	\$0
LESS: Age/Life Depreciation	(\$3,410,162)	(\$38)
LESS: Economic Obsolescence (External)	(\$21,305,901)	(\$240)
Depreciated Replacement Cost New (Building)	\$9,385,553	\$106

Site Improvements Replacement Cost

The replacement cost new of the subject site improvements is presented in the following table.

SITE IMPROVEMENTS REPLACEMENT COST NEW								
ITEM	UNITS	AREA	RCN	TOTAL RCN	INDIRECT 15%	ADJUSTED RCN	PROFIT 0%	TOTAL RCN
Site Improvements	SF	88,875	\$7.50	\$666,561	\$99,984	\$766,545	\$0	\$766,545

The site improvements area was calculated based on the subject useable land area less the footprint of the building, or (48,539,823 SF land - 22,203 SF footprint) 88,875 SF. The replacement cost new was estimated at \$7.50/SF with support from Marshall Valuation Service. Allocations for indirect costs of 15% and profit of 0% were carried forward from the conclusions made within the analysis of building improvements.

The following table shows the estimated depreciation and the resulting depreciated replacement cost for the subject site improvements.

SITE IMPROVEMENTS DEPRECIATION											
ITEM	RCN	PHYS CURABLE	FUNCT CURABLE	ADJ TOTAL	ECON LIFE	EFF AGE	DEPREC %	AGE/LIFE DEPREC	ADJ TOTAL	ECON OBS 0%	DEPREC COST
Site Improvements	\$766,545	\$0	\$0	\$766,545	15	7	47%	(\$357,721)	\$408,824	\$0	\$408,824

Depreciation for physical and functional curable was noted in the schedule above. If applicable, economic obsolescence is independently estimated and deducted.

COST APPROACH CONCLUSION

The Cost Approach analysis and conclusion are presented in the following table.

COST APPROACH VALUE CONCLUSION		
IMPROVEMENTS (BUILDING)		
Direct & Indirect Costs		\$34,101,616
PLUS: Entrepreneurial Profit		\$0
LESS: Total Depreciation		(\$24,716,063)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (BUILDING)		\$9,385,553
IMPROVEMENTS (SITE)		
Direct & Indirect Costs		\$766,545
PLUS: Entrepreneurial Profit		\$0
LESS: Total Depreciation		(\$357,721)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (SITE)		\$408,824
SUMMARY (ALL IMPROVEMENTS)		
Adjusted Costs/Cost New		\$34,868,161
PLUS: Total Entrepreneurial Profit		\$0
TOTAL REPLACEMENT COST NEW		\$34,868,161
LESS: Total Depreciation		(\$25,073,784)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS		\$9,794,377
PLUS: Land Value (Base Lodge Site)		\$3,330,000
INDICATED VALUE	\$148/SF	\$13,100,000
Rounded to nearest \$100,000		

INTRODUCTION

Land value is influenced by a number of factors; most prominent of which is development and use potential. These factors, as well as others, are considered in the following analysis.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per acre. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace.

COMPARABLE SELECTION

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of commercial sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transitional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest land sales were adjusted accordingly.
Financing Terms	The subject site was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales and/or assemblages.
Expenditures After Purchase	Adjustments were applied if site conditions warranted expenditures on the part of the buyer to create a buildable site. Examples include costs for razing pre-existing structures, general site clearing and/or mitigation of environmental issues.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2019	(As-Is)	2%

The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Qualitative adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

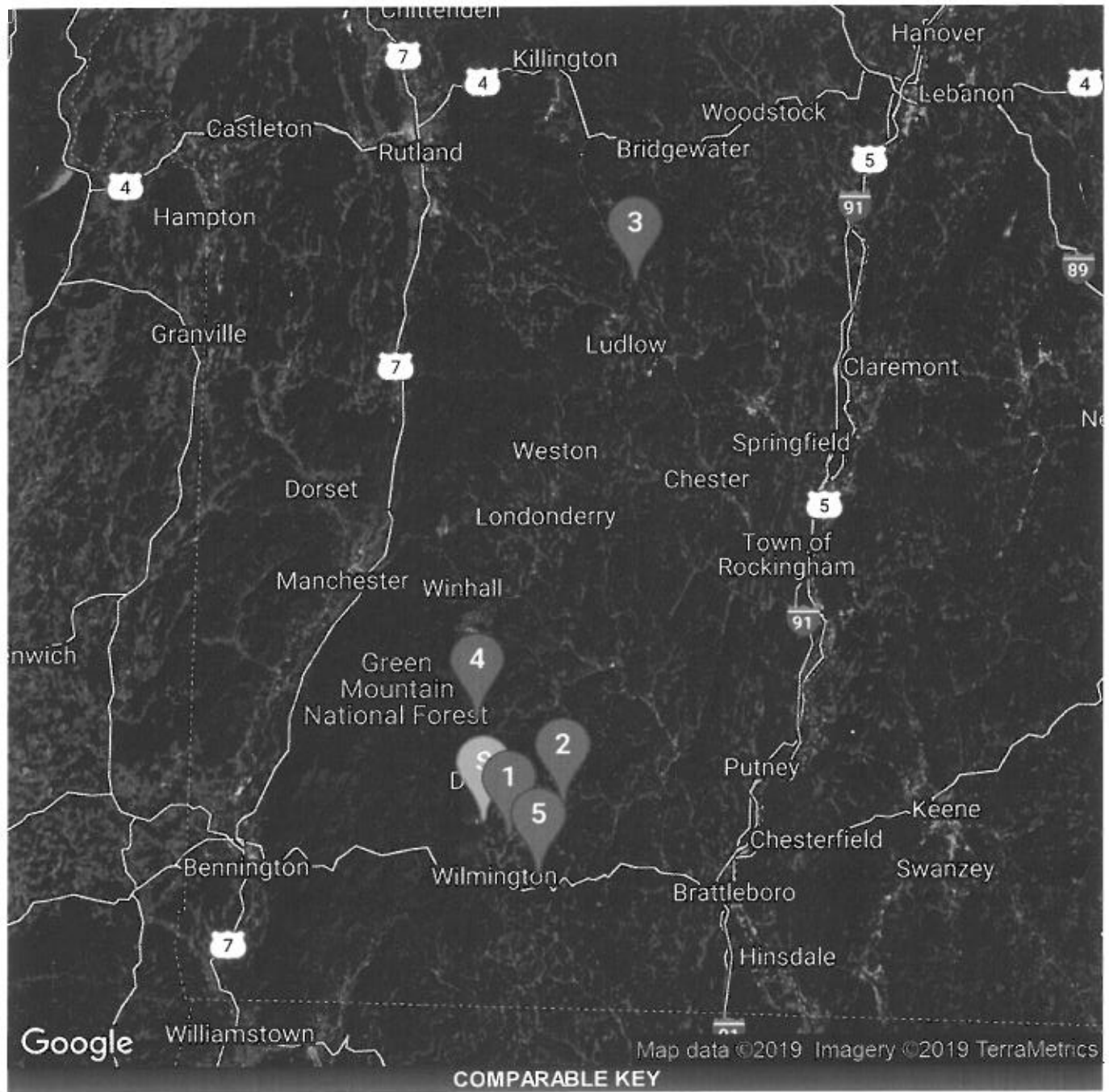
PRESENTATION

The following Land Sales Summation Table, Location Map and datasheets summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	The Hermitage Club Land Sites	Land	Land	Land	Land	Land	Land
Address		46 Higley Hill Road	89 Snow Road	Whitcomb Lane	Willis Cemetery Road	159 Ware Road	38 Brown Road
City	Wilmington & Dover	Dover	Dover	Ludlow	Stratton	Wilmington	Wilmington
State	VT	VT	VT	VT	VT	VT	VT
Zip		05341	05341	05149	05360	05363	05363
County	Windham	Windham	Windham	Windsor	Windham	Windham	Windham
APN	Various	DR065A	SN002	210215-000	16-2-49	7-2-15.3	3-4-65.1
PHYSICAL INFORMATION							
Acres		51.31	28.13	73.21	17.20	134.12	9.96
Location		Average	Average	Fair/Average	Average	Average	Average
Exposure		Average	Average	Average	Average	Average	Average
Access		Fair/Average	Fair/Average	Fair/Average	Fair/Average	Average	Average
Shape		Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Site Utility Rating		Average	Average	Average	Average	Average	Average
Zoning		PRO	PRO	TR	RES	RES	RES
Corner		No	No	No	No	No	No
Topography		Gentle Slope	Gentle Slope	Gentle Slope	Gentle Slope	Gentle Slope	Gentle Slope
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Slopeside Access	Yes	No	No	No	No	No	No
Recreational	Yes	No	No	No	No	No	No
Entitlements							
Approvals	No	No	No	No	No	No	No
SALE INFORMATION							
Date		5/31/2019	4/25/2018	4/3/2018	1/20/2017	9/23/2016	10/30/2015
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$204,400	\$100,000	\$159,900	\$120,000	\$400,000	\$80,000
Analysis Price		\$204,400	\$100,000	\$159,900	\$120,000	\$400,000	\$80,000
\$/Acre		\$3,984	\$3,555	\$2,184	\$6,977	\$2,982	\$8,032

CONTINUED

LAND SALES LOCATION MAP



COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/ACRE
SUBJECT	-	Wilmington & Dover, VT	-	-	-	-
No. 1	2.1 Miles	46 Higley Hill Road, Dover, VT	5/31/2019	51.3	2,235,064	\$3,984
No. 2	5.4 Miles	89 Snow Road, Dover, VT	4/25/2018	28.1	1,225,343	\$3,626
No. 3	38.3 Miles	Whitcomb Lane, Ludlow, VT	4/3/2018	73.2	3,189,028	\$2,228
No. 4	7.1 Miles	Willis Cemetery Road, Stratton, VT	1/20/2017	17.2	749,232	\$7,326
No. 5	5.2 Miles	159 Vvare Road, Wilmington, VT	9/20/2016	134.1	5,842,267	\$3,161
No. 6						

CONTINUED

COMPARABLE 1

LOCATION INFORMATION

Name Land
 Address 46 Higley Hill Road
 City, State, Zip Code Dover, VT, 05341
 County Windham
 APN DR065A

SALE INFORMATION

Buyer Stephen Henry
 Seller Genesis Dover, LLC
 Transaction Date 05/31/2019
 Transaction Status Recorded
 Transaction Price \$204,400
 Analysis Price \$204,400
 Recording Number 355-69
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Location Average
 Site Size Acres SF
 Net 51.31 2,235,064
 Gross 51.31 2,235,064
 Zoning PRO
 Shape Irregular
 Topography Gentle Slope
 Access Fair/Average
 Exposure Average



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$3,984	\$0.09
Net	\$3,984	\$0.09

CONFIRMATION

Name Andy McLean
 Company Dover Town Clerk
 Source Public Record

REMARKS

On May 31, 2019, Stephen Henry acquired this 51.31-acre vacant residential site for \$204,400 (\$3,984/Acre) from Genesis Dover, LLC. The buyer also acquired an adjacent approximately four-acre home site with vertical improvements for an additional \$15,600 (\$3,900/acre). The seller retained a small amount of acreage, with an access easement over the four-acre site and contains a cell tower with a long-term lease. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Town of Dover Clerk, Andy McLean. This site is an irregular, interior parcel containing a gross site area of 2,235,064 SF (or 51.31-Acre), and is zoned PRO - "Productive Residential" by the Town of Dover.

CONTINUED

COMPARABLE 2

LOCATION INFORMATION

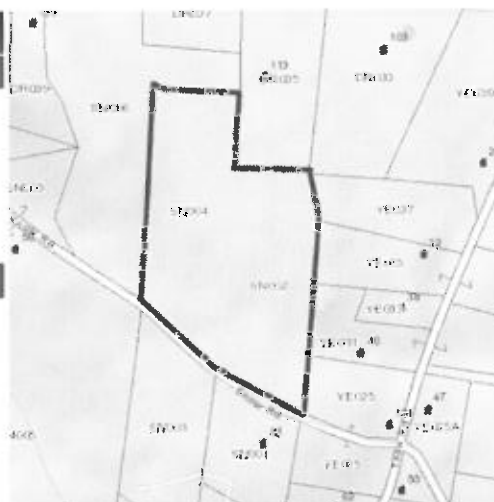
Name Land
 Address 89 Snow Road
 City, State, Zip Code Dover, VT, 05341
 County Windham
 APN SN002

SALE INFORMATION

Buyer Undisclosed
 Seller The Emma Ruth Bluestone Trust
 Transaction Date 04/25/2018
 Transaction Status Recorded
 Transaction Price \$100,000
 Analysis Price \$100,000
 Recording Number 294-271
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Vacant Land
 Location Average
 Frontage Average
 Site Size Acres SF
 Net 28.13 1,225,343
 Gross 28.13 1,225,343
 Zoning PRO
 Shape Irregular
 Topography Gentle Slope
 Access Fair/Average
 Exposure Average



LAND

ANALYSIS INFORMATION

	Price	\$/Acre	\$/SF
Gross	\$3,555		\$0.08
Net	\$3,555		\$0.08

CONFIRMATION

Name Regina Perrotto
 Company Heritage Associates
 Source Seller's Broker

REMARKS

On April 25, 2018, The Emma Ruth Bluestone Trust sold this 28.13-acre vacant residential site for \$100,000 (\$3,555/Acre) to an undisclosed buyer. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Listing Broker, Regina Perrotto from Heritage Associates. This site is an irregular, interior parcel containing a gross site area of 1,225,343 SF (or 28.13-Acre), and is zoned PRO – "Productive Residential" by the Town of Dover.

CONTINUED

COMPARABLE 3

LOCATION INFORMATION

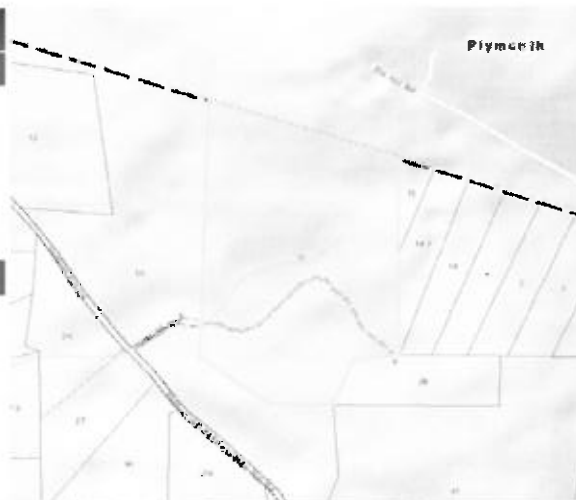
Name Land
 Address Whitcomb Lane
 City, State, Zip Code Ludlow, VT, 05149
 County Windsor
 APN 210215-000

SALE INFORMATION

Buyer Shaun Fontenelle
 Seller Sara Buswell Fuller
 Transaction Date 04/3/2018
 Transaction Status Recorded
 Transaction Price \$159,900
 Analysis Price \$159,900
 Recording Number 411-106
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Vacant Land
 Location Fair/Average
 Frontage Average
 Site Size Acres SF
 Net 73.21 3,189,028
 Gross 73.21 3,189,028
 Zoning TR
 Shape Irregular
 Topography Gentle Slope
 Access Fair/Average
 Exposure Average



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$2,184	\$0.05
Net	\$2,184	\$0.05

CONFIRMATION

Name Joesph Karl
 Company Mary W. Davis Realtor & Assoc. Inc.
 Source Seller's Broker

REMARKS

On April 3, 2018, Sara Buswell Fuller acquired this 73.21-acre vacant residential land site for \$159,900 (\$2,184/acre) from Shaun Fontenelle. This site is an irregular, interior parcel containing a gross site area of 3,189,028 SF (or 73.21-Acre), and is zoned TR - "Town Residential" by the Town of Ludlow.

CONTINUED

COMPARABLE 4

LOCATION INFORMATION

Name Land
 Address Willis Cemetery Road
 City, State, Zip Code Stratton, VT, 05360
 County Windham
 APN 16-2-49

SALE INFORMATION

Buyer Robert & Denise Sevigny
 Seller Barbara Bedortha
 Transaction Date 01/20/2017
 Transaction Status Recorded
 Transaction Price \$120,000
 Analysis Price \$120,000
 Recording Number 170-600
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Vacant Land
 Location Average
 Frontage Average
 Site Size Acres SF
 Net 17.20 749,232
 Gross 17.20 749,232
 Zoning RES
 Shape Irregular
 Topography Gentle Slope
 Access Fair/Average
 Exposure Average



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$6,977	\$0.16
Net	\$6,977	\$0.16

CONFIRMATION

Name Adam Palmiter
 Company Four Seasons Sotheby's International Realty
 Source Seller's Broker

REMARKS

On January 20, 2017, Robert & Denise Sevigny acquired this 17.2-acre vacant residential site for \$120,000 (\$6,977/Acre) from Barbara Bedortha. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Listing Broker, Adam Palmiter from Four Seasons Sotheby's International Realty. This site is an irregular, interior parcel containing a gross site area of 749,232 SF (or 17.2-Acre), and is zoned RES - "Residential District" by the Town of Stratton.

CONTINUED

COMPARABLE 5

LOCATION INFORMATION

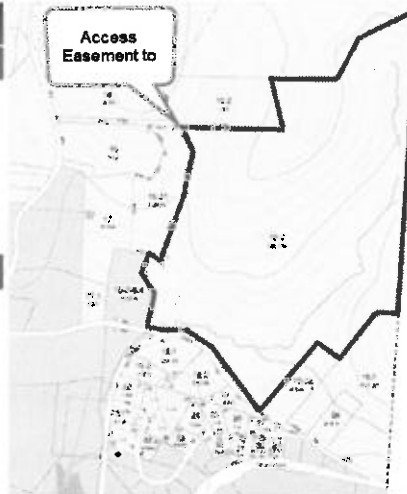
Name Land
 Address 159 Ware Road
 City, State, Zip Code Wilmington, VT, 05363
 County Windham
 APN 7-2-15.3

SALE INFORMATION

Buyer Raponda Ridge Family Holdings, LLC
 Seller Raponda Ridge, LLC
 Transaction Date 09/23/2016
 Transaction Status Recorded
 Transaction Price \$400,000
 Analysis Price \$400,000
 Recording Number 328-507
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Intended Use Vacant Land
 Location Average
 Frontage Average
 Site Size Acres SF
 Net 134.12 5,842,267
 Gross 134.12 5,842,267
 Zoning RES
 Shape Irregular
 Topography Gentle Slope
 Access Average
 Exposure Average



LAND

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$2,982	\$0.07
Net	\$2,982	\$0.07

CONFIRMATION

Name Heidi Zizza
 Company Four Seasons Sotheby's International Realty
 Source Seller's Broker

REMARKS

On September 28, 2016, Raponda Ridge Family Holdings, LLC acquired this 134.12-acre vacant residential site from Raponda Ridge, LLC for \$400,000 (\$2,982/Acre). This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Listing Broker, Heidi Zizza from Four Seasons Sotheby's International Realty. This site is an irregular, interior parcel containing a gross site area of 5,842,267 SF (or 134.12-Acre), and is zoned RES - "Residential District" by the Town of Wilmington.

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	The Hermitage Club Land Sites	Land	Land	Land	Land	Land	Land
Address		46 Higley Hill Road	89 Snow Road	Whitcomb Lane	Willis Cemetery Road	159 Ware Road	38 Brown Road
City	Wilmington & Dover	Dover	Dover	Ludlow	Stratton	Wilmington	Wilmington
APN	Various	DR065A	SN002	210215-000	16-2-49	7-2-15.3	3-4-65.1
Acres		51.31	28.13	73.21	17.20	134.12	9.96
Location		Average	Average	Fair/Average	Average	Average	Average
Exposure		Average	Average	Average	Average	Average	Average
Access		Fair/Average	Fair/Average	Fair/Average	Fair/Average	Average	Average
Shape		Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Site Utility Rating		Average	Average	Average	Average	Average	Average
Zoning		PRO	PRO	TR	RES	RES	RES
Topography	Rolling	Gentle Slope	Gentle Slope	Gentle Slope	Gentle Slope	Gentle Slope	Gentle Slope
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Envmtl Issues	Yes	No	No	No	No	No	No
Entitled	Yes	No	No	No	No	No	No
Approvals	No	No	No	No	No	No	No
SALE INFORMATION							
Date		5/31/2019	4/25/2018	4/3/2018	1/20/2017	9/23/2016	10/30/2015
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$204,400	\$100,000	\$159,900	\$120,000	\$400,000	\$80,000
Price/Acre		\$3,984	\$3,555	\$2,184	\$6,977	\$2,982	\$8,032
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions¹		0%	2%	2%	5%	6%	8%
Subtotal Transactional Adj Price		\$3,984	\$3,626	\$2,228	\$7,326	\$3,161	\$8,675
PROPERTY ADJUSTMENTS							
Location		Similar	Similar	Inferior	Similar	Similar	Similar
Size		Similar	Similar	Similar	Smaller	Similar	Similar
Exposure		Similar	Similar	Similar	Similar	Similar	Similar
Access		Sl. Inferior	Sl. Inferior	Sl. Inferior	Sl. Inferior	Similar	Similar
Shape		Similar	Similar	Similar	Similar	Similar	Similar
Site Utility Rating		Similar	Similar	Similar	Similar	Similar	Similar
Zoning		Similar	Similar	Similar	Similar	Similar	Similar
Topography		Similar	Similar	Similar	Similar	Similar	Similar
Utilities		Similar	Similar	Similar	Similar	Similar	Similar
Slopeside Access		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Recreational Entitlements		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Approvals		Similar	Similar	Similar	Similar	Similar	Superior
TOTAL ADJUSTED PRICE		\$3,984	\$3,626	\$2,228	\$7,326	\$3,161	\$8,675
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$2,184	\$2,228					
HIGH	\$8,032	\$8,675					
MEDIAN	\$3,769	\$3,805					
AVERAGE	\$4,619	\$4,833					

¹ Market Conditions Adjustment: 2%
 Date of Value (for adjustment calculations): 6/27/19

CONTINUED

LAND VALUE CONCLUSION

The comparable land sales indicate an adjusted value range from \$2,228 to \$8,675/Acre, with a median of \$3,805/Acre and an average of \$4,833/Acre. Based on the results of the preceding analysis, Comparable 1 (\$3,984/Acre adjusted), Comparable 2 (\$3,626/Acre adjusted), Comparable 4 (\$7,326/Acre adjusted), Comparable 5 (\$3,161/Acre adjusted), and Comparable 6 (\$8,675/Acre) were given primary consideration for the subject's land tracts.

The subject's leasehold interest in the 252 acres of Glebe Land is considered to have a positive value due to the existence of two cabins, ski chair lifts, and the previously mentioned site improvements. However, the Glebe Land value would be significantly lower than the subject's fee simple owned land. Further, the existence of the lease expiration and no reversionary value of the land to the owner places further downward pressure on the per acre indicator.

The subject's slopeside access and recreational entitlements have been given most weight in the below concluded opinions of value. We have also considered the individual site sizes relative to the comparables presented, noting that larger sites typically sell for a lower price per SF than smaller sites. Our conclusions for the subject's various sites reflect this consideration as show below. The following table summarizes the analysis of the comparables, reports the reconciled price per acre value conclusion, and presents the concluded value of the subject site.

CALCULATION OF LAND VALUE						
ANALYSIS					OVERALL	
COMP	PRICE	TRANSACTIONAL ¹	ADJUSTED	NOTES	COMPARISON	
1	\$3,984	0%	\$3,984	Overall, this comparable warrants upw and adjustment.	PRIMARY	
2	\$3,555	2%	\$3,626	Overall, this comparable warrants upw and adjustment.	PRIMARY	
3	\$2,184	2%	\$2,228	Overall, this comparable warrants upw and adjustment.	SECONDARY	
4	\$6,977	5%	\$7,326	Overall, this comparable warrants upw and adjustment.	PRIMARY	
5	\$2,982	6%	\$3,161	Overall, this comparable warrants upw and adjustment.	PRIMARY	
6	\$8,032	8%	\$8,675	Overall, this comparable warrants downw and adjustment.	PRIMARY	
LOW	\$2,228			AVERAGE	\$4,833	
HIGH	\$8,675			MEDIAN	\$3,805	
COMPONENT		SUBJECT ACRES		\$/ACRE CONCLUSION		VALUE
The Hermitage Club Ski Area		527.48	x	\$7,500	=	\$3,960,000
The Hermitage Inn Excess Land		113.86	x	\$8,000	=	\$910,000
Summit Meadows		10.01	x	\$8,500	=	\$90,000
High Country Land		15.82	x	\$8,500	=	\$130,000
Fawn Ridge		16.54	x	\$8,500	=	\$140,000
Glebe Land (Leasehold)		252.00	x	\$2,500	=	\$630,000

¹Cumulative ²Additive

Rounded to nearest \$10,000

LODGING ASSET VALUATIONS

The sections that follow represent the analyses utilized for the subject's lodging assets.

As previously discussed, the entire club, and all of the company's operations were required to close at the end of March 2018 by the State of Vermont, Department of Taxes. Since this order, there has been limited maintenance of the subject assets per the direction of a court appointed receiver. It was reported by the owner's representative that the property upkeep has been restricted to walk throughs and minimal maintenance of the buildings occurring two or three times a week only. **In consideration of the reported limited maintenance being completed at the subject properties it is not probable that operation will commence for the upcoming season. Further, the lack of staff, organizational support, and management as of the date of this does not bode well for the reopening of any of the Club's operations in the near-term.**

In valuing the subject lodging assets the Sales Comparison Approach has been solely relied upon and is presented in the following order:

INTRODUCTION

This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per room. This indicator best reflects the analysis used by buyers and sellers in this market for lodging properties with similar design and utility.

COMPARABLE SELECTION

We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. In selecting comparables, emphasis was placed on confirming recent improved sales of properties that match the highest and best use, and buyer/seller profile of the subject property.

We have also considered the subject's current non-operation status in selecting comparables, and emphasized comparable's that were closed or needed significant expenditures after sale prior to reopening. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transitional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales.

Expenditures After Purchase Adjustments were applied if physical conditions warranted expenditures on the part of the buyer to bring the comparable up to functional standards. Most often this adjustment accounts for costs associated with deferred maintenance.

Market Conditions Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2019	(As-Is)	1%

The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Qualitative adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

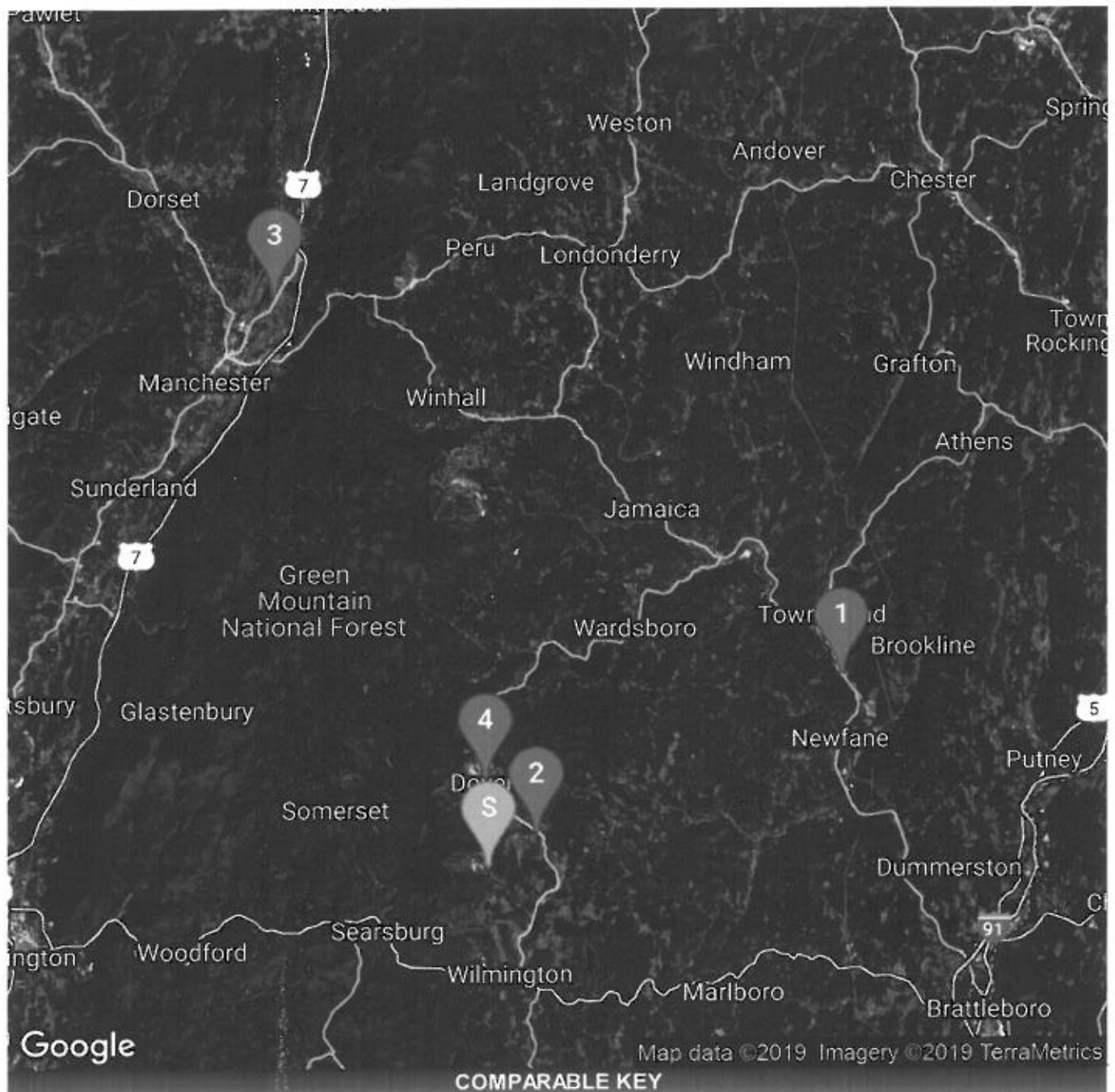
PRESENTATION

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

LODGING SALES SUMMATION TABLE					
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	The Hermitage Club - Lodging Assets	River Bend Lodge	Inn at Saw mill Farm	Inn at Willow Pond	The Lodge at Mount Snow
Address		1086 Route 30	7 Cross Town Road	74 Willow Pond Road	393 Route 100
City		New fane	Dover	Manchester	Dover
State		VT	VT	VT	VT
Zip		05345	05356	05255	05356
PHYSICAL INFORMATION					
Property Type	B&B & Inns	B&B & Inns	B&B & Inns	B&B & Inns	B&B & Inns
GBA (SF)		9,828	16,976	32,500	26,641
Land Area (AC)		42.0	18.0	18.6	1.2
Land Area (SF)		1,829,520	785,387	810,216	52,272
Location		Fair/Average	Average	Average	Average
Quality		Average	Average/Good	Average/Good	Average
Condition		Fair/Average	Average/Good	Average	Fair/Average
Exposure		Average/Good	Good	Average	Average/Good
Access		Average	Average/Good	Average	Good
Year Built		1969	1890	1987	1960
Year Renovated		-	2016	-	-
No. of Rooms	-	20	23	40	46
SALE INFORMATION					
Date		2/22/2019	6/25/2018	12/22/2017	In Contract
Status		Recorded	Recorded	Recorded	In Contract
Recording Number		142-694	351-24	337-348	In Contract
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$385,000	\$1,200,000	\$1,250,000	\$920,000
Analysis Price		\$385,000	\$1,200,000	\$1,250,000	\$920,000
\$/Room		\$19,250	\$52,174	\$31,250	\$20,000

CONTINUED

SALES LOCATION MAP



COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/Room
SUBJECT		The Hermitage Club Lodging Asse					
No. 1	13.4 Miles	River Bend Lodge	1086 Route 30, Newfane, VT		2/22/2019		\$19,250
No. 2	2.0 Miles	Inn at Saw mill Farm	7 Cross Town Road, Dover, VT		6/25/2018		\$57,985
No. 3	20.9 Miles	Inn at Willow Pond	74 Willow Pond Road, Manchester, VT		12/22/2017		\$31,875
No. 4	3.0 Miles	The Lodge at Mount Snow	393 Route 100, Dover, VT		In Contract		\$20,000

COMPARABLE 1

LOCATION INFORMATION

Name River Bend Lodge
 Address 1086 Route 30
 City, State, Zip Code Newfane, VT, 05345

SALE INFORMATION

Buyer Covington, LLC
 Seller RPL Associates
 Transaction Date 02/22/2019
 Transaction Status Recorded
 Transaction Price \$385,000
 Analysis Price \$385,000
 Recording Number 142-694
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Gross Building Area (GBA) 9,828
 Year Built 1969
 No. of Rooms 20
 Site Size 42.0 Acres (1,829,520 SF)
 Site Coverage (SF)/Ratio 0.5%



RIVER BEND LODGE



ANALYSIS INFORMATION

Price per SF \$19,250
 Adjusted Price per SF \$19,250
 Capitalization Rate

CONFIRMATION

Name David Serpa
 Company Buyer
 Source CoStar

REMARKS

This site is an irregular, interior parcel containing a gross site area of 1,829,520 SF (or 42.0-Acre) in the Town of Newfane. The site is improved with a two-story, wood-constructed, lodging facility that was constructed in 1969 and contains a Gross Building Area (GBA) of 9,828 SF with 20 guest rooms. On February 22, 2019, Covington, LLC purchased this 20-room, lodging facility from RPL Associates for \$385,000 (\$19,250/Room). The inn had been closed for over two years at the time of acquisition and required new FF&E prior to opening. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the buyer.

COMPARABLE 2

LOCATION INFORMATION

Name Inn at Saw mill Farm
 Address 7 Cross Town Road
 City, State, Zip Code Dover, VT, 05356

SALE INFORMATION

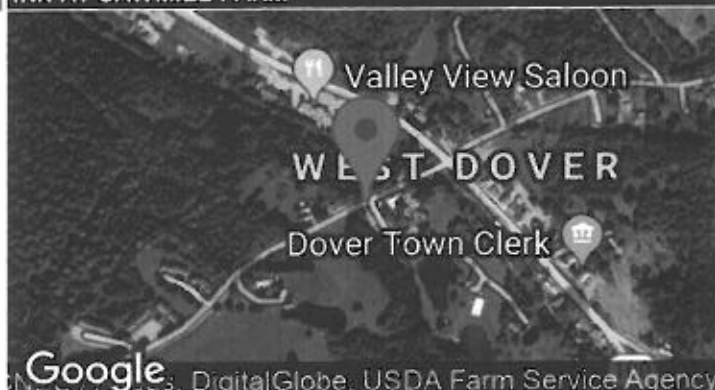
Buyer VMJA, LLC
 Seller Windham County Sheriff's Office
 Transaction Date 06/25/2018
 Transaction Status Recorded
 Transaction Price \$1,200,000
 Analysis Price \$1,200,000
 Recording Number 351-24
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Gross Building Area (GBA) 16,976
 Year Built 1890
 No. of Rooms 23
 Site Size 18.0 Acres (785,387 SF)
 Site Coverage (SF)/Ratio 2.2%



INN AT SAWMILL FARM



ANALYSIS INFORMATION

Price per SF \$52,174
 Adjusted Price per SF \$57,965
 Capitalization Rate

CONFIRMATION

Name Jeannette Eckert
 Company Town of Dover, VT
 Source Public Record

REMARKS

This site is an irregular, interior parcel containing a gross site area of 785,387 SF (or 18.0-Acre) in the Town of Dover. The site is improved with a three-story, wood-constructed, lodging facility that was constructed in 1890 and renovated in 2016 and contains a Gross Building Area (GBA) of 16,976 SF with 23 guest rooms. On June 25, 2018, VMJA, LLC purchased this 23-room, lodging facility from the Windham County Sheriff's Office at auction for \$1,200,000 (\$52,174/Room). The inn had been closed for over a year as part of the closing of The Hermitage Club. The buyer had previously owned the Inn prior to being utilized as part of The Hermitage Club's lodging offerings. The Inn has yet to reopen. This comparable was sourced from Public Records, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the Dover Assistant Town Clerk.

CONTINUED

COMPARABLE 3

LOCATION INFORMATION

Name Inn at Willow Pond
 Address 74 Willow Pond Road
 City, State, Zip Code Manchester, VT, 05255

SALE INFORMATION

Buyer Manchester Estate, LLC
 Seller Kay Bauer, Trustee
 Transaction Date 12/22/2017
 Transaction Status Recorded
 Transaction Price \$1,250,000
 Analysis Price \$1,250,000
 Recording Number 337-348
 Rights Transferred Fee Simple

PHYSICAL INFORMATION

Gross Building Area (GBA) 32,500
 Year Built 1987
 No. of Rooms 40
 Site Size 18.6 Acres (810,216 SF)
 Site Coverage (SF)/Ratio 4.0%



INN AT WILLOW POND



ANALYSIS INFORMATION

Price per SF \$31,250
 Adjusted Price per SF \$31,875
 Capitalization Rate

CONFIRMATION

Name Paul Carroccio
 Company TPW Manchester
 Source NEREN

REMARKS

This site is an irregular, interior parcel containing a gross site area of 810,216 SF (or 18.6-Acre) in the Town of Manchester. The site is improved with a two-story, wood-constructed, lodging facility that was constructed in 1987 and contains a Gross Building Area (GBA) of 32,500 SF with 40 guest rooms. On December 22, 2017, Manchester Estate, LLC purchased this 40-room, lodging facility from the Kay Bauer for \$1,250,000 (\$31,250/Room). The inn had closed before its sale and the buyer was seeking approval to convert the property to apartment units. This comparable was sourced from NEREN, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the listing broker, Paul Carroccio of TPW Manchester.

COMPARABLE 4

LOCATION INFORMATION

Name The Lodge at Mount Snow
Address 393 Route 100
City, State, Zip Code Dover, VT, 05356

SALE INFORMATION

Buyer Confidential Buyer
Seller Bradford Hospitality, LLC
Transaction Date In Contract
Transaction Status In Contract
Transaction Price \$920,000
Analysis Price \$920,000
Recording Number In Contract
Rights Transferred Fee Simple

PHYSICAL INFORMATION

Gross Building Area (GBA) 26,641
Year Built 1960
No. of Rooms 46
Site Size 1.2 Acres (52,272 SF)
Site Coverage (SF)/Ratio 51.0%



THE LODGE AT MOUNT SNOW



ANALYSIS INFORMATION

Price per SF \$20,000
Adjusted Price per SF \$20,000
Capitalization Rate

CONFIRMATION

Name Confidential Buyer
Company Confidential Buyer
Source Buyer

REMARKS

This site is an irregular, interior parcel containing a gross site area of 52,272 SF (or 1.2-Acre) in the Town of Dover. The site is improved with a two-story, wood-constructed, lodging facility that was constructed in 1960 and contains a Gross Building Area (GBA) of 26,641 SF with 46 guest rooms. This property is currently under contract for sale from Bradford Hospitality, LLC to a confidential buyer for a reported sale price of \$920,000 (\$20,000/room). The buyer reported that the property will require capital expenditures and new management after acquisition with a total cost of an additionally \$30,000/room. The sale is expected to close by August 2019 with necessary renovations completed prior to the upcoming ski season at Mt. Snow. This comparable was sourced from the buyer, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the buyer.

LODGING SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	The Hermitage Club - Lodging Assets	River Bend Lodge	Inn at Saw mill Farm	Inn at Willow Pond	The Lodge at Mount Snow
Address		1086 Route 30	7 Cross Town Road	74 Willow Pond Road	393 Route 100
City, State		New fane, VT	Dover, VT	Manchester, VT	Dover, VT
Zip		05345	05356	05255	05356
GBA		9,828	16,976	32,500	26,641
Land Area (AC)		42.0	18.0	18.6	1.2
Land Area (SF)		1,829,520	785,387	810,216	52,272
Location	Average	Fair/Average	Average	Average	Average
Quality	Average	Average	Average/Good	Average/Good	Average
Condition	Good/Excellent	Fair/Average	Average/Good	Average	Fair/Average
Exposure	Average	Average/Good	Good	Average	Average/Good
Access	Average	Average	Average/Good	Average	Good
Year Built	Various	1969	1890	1987	1960
Year Renovated	Various	-	2016	-	-
SALE INFORMATION					
Date		2/22/2019	6/25/2018	12/22/2017	In Contract
Status		Recorded	Recorded	Recorded	In Contract
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$385,000	\$1,200,000	\$1,250,000	\$920,000
\$/Room		\$19,250	\$52,174	\$31,250	\$20,000
TRANSACTIONAL ADJUSTMENTS					
Property Rights		0%	0%	0%	0%
Conditions of Sale		0%	10%	0%	0%
Financing		0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%
Market Conditions¹		0%	1%	2%	0%
Subtotal Transactional Adj Price		\$19,250	\$57,965	\$31,875	\$20,000
PROPERTY ADJUSTMENTS					
Location		Sl. Inferior	Similar	Similar	Sl. Superior
Size (No. of Rooms)		Similar	Similar	Similar	Similar
Quality		Inferior	Sl. Superior	Sl. Superior	Sl. Inferior
Condition		Inferior	Similar	Similar	Sl. Inferior
Exposure		Similar	Superior	Sl. Inferior	Sl. Superior
Access		Sl. Inferior	Similar	Sl. Inferior	Superior
FF&E Contribution		Sl. Inferior	Similar	Sl. Inferior	Similar
TOTAL ADJUSTED PRICE		\$19,250	\$57,965	\$31,875	\$20,000
STATISTICS	UNADJUSTED	ADJUSTED			
LOW	\$19,250	\$19,250			
HIGH	\$52,174	\$57,965			
MEDIAN	\$25,625	\$25,938			
AVERAGE	\$30,668	\$32,273			

¹ Market Conditions Adjustment: 1%

Date of Value (for adjustment calculations): 6/27/19

SALES COMPARISON APPROACH CONCLUSION The comparable sales indicate an adjusted value range from \$19,250 to \$57,965/Room, with a median of \$25,938/Room and an average of \$32,273/Room. Based on the results of the preceding analysis, the entire adjusted set is given equal consideration for the subject's opinion of value.

The following table presents the subject's lodging assets in an array ranked accordingly with the previously presented and qualitatively adjusted comparables.

LODGING SALES ARRAY	
SALE	\$/ROOM
2	\$57,965
The Hermitage Inn	
Snow Goose Inn	
3	\$31,875
Doveberry Inn	
4	\$20,000
Horizon Inn	
1	\$19,250

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (NRA)					
ANALYSIS					
COMP	PRICE	TRANSACTIONAL¹	ADJUSTED	NOTES	OVERALL COMPARISON
1	\$19,250	0%	\$19,250	Overall, this comparable warrants upward adjustment.	PRIMARY
2	\$52,174	11%	\$57,965	Overall, this comparable warrants downward adjustment.	PRIMARY
3	\$31,250	2%	\$31,875	Overall, this comparable warrants upward adjustment as compared to the Hermitage and Snow Goose Inns and downward adjustment as compared to the Doveberry and Horizon Inns.	PRIMARY
4	\$20,000	0%	\$20,000	Overall, this comparable warrants upward adjustment as compared to the Hermitage, Snow Goose, and Doveberry Inns and downward adjustment as compared to the Horizon Inn.	PRIMARY
LOW	\$19,250			AVERAGE	\$32,273
HIGH	\$57,965			MEDIAN	\$25,938
SUBJECT PROPERTY		SUBJECT ROOMS		\$/ROOM CONCLUSION	VALUE
The Hermitage Inn		16		\$52,000	\$830,000
Snow Goose Inn		13		\$52,000	\$680,000
Doveberry Inn		12		\$32,000	\$380,000
Horizon Inn		28		\$20,000	\$560,000

¹Cumulative

Rounded to nearest \$10,000

INTRODUCTION

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per hole. This indicator best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

COMPARABLE SELECTION

We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. As previously discussed, there has been limited maintenance of the subject assets per the direction of a court appointed receiver. It was reported by the owner's representative that the property upkeep has been restricted to walk throughs and minimal maintenance of the buildings occurring two or three times a week, and maintenance of the golf course grounds (mowing, raking, and some watering) only. **In consideration of the reported limited maintenance being completed at the subject property it is not probable that operation will commence for the upcoming season. Further, the lack of staff, organizational support, and management as of the date of this does not bode well for the reopening of any of the Club's operations in the near-term.**

In selecting comparables, emphasis was placed on confirming recent improved sales of properties that match the highest and best use, and buyer/seller profile of the subject property. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales.
Expenditures After Purchase	Adjustments were applied if physical conditions warranted expenditures on the part of the buyer to bring the comparable up to functional standards. Most often this adjustment accounts for costs associated with deferred maintenance.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

CONTINUED

MARKET CONDITIONS ADJUSTMENT

Per Year As Of June 2019 (As-Is) 1%

The analysis applies an upward market conditions adjustment of 1% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Qualitative adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

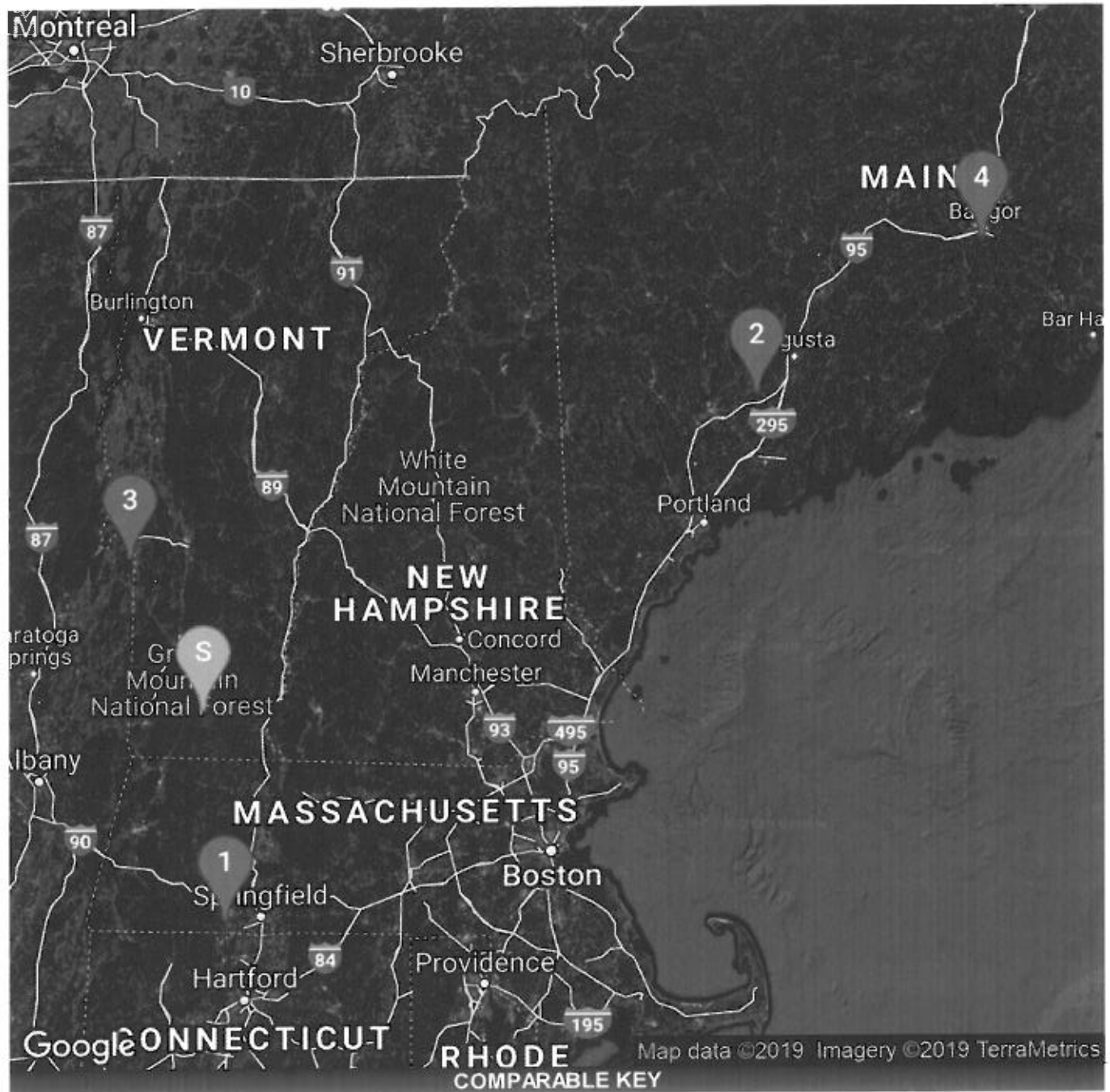
PRESENTATION

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

GOLF COURSE SALES SUMMATION TABLE					
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	The Hermitage Golf Club	Southwick Country Club	The Meadows Golf Club	Milestone Golf Club	Rocky Knoll Golf Course
Address	70 Spyglass Lane	739 College Highway	495 Huntington Hill Road	2338 Country Route 18	94 River Road
City	Wilmington	Southwick	Litchfield	Whitehall	Orrington
State	VT	MA	ME	NY	ME
Zip	05363	01077	04350	12887	04474
County	Windham	Hampden	Kennebec	Washington	Penobscot
PHYSICAL INFORMATION					
Property Type	Sport & Entertainment	Golf Course	Golf Course	Golf Course	Golf Course
GBA (SF)	7,000	10,469	2,640	3,000	2,496
NRA (SF)	7,000	10,469	2,640	3,000	2,496
Land Area (AC)	143.4	122.6	112.0	60.0	156.8
Land Area (SF)	6,246,940	5,342,198	4,878,720	2,613,600	6,831,515
Location	Average	Average/Good	Average	Average/Good	Fair/Average
Quality	Average	Average	Average	Average	Average
Condition	Good/Excellent	Average/Good	Average	Fair/Average	Fair/Average
Exposure	Average	Average	Average	Average	Average
Access	Average	Good	Average/Good	Fair/Average	Average/Good
Year Built	1980	1940	1997	2006	2000
No. Of Holes	18	18	18	9	18
SALE INFORMATION					
Date		2/22/2018	12/8/2017	9/13/2017	3/15/2016
Status		Recorded	Recorded	Recorded	Recorded
Recording Number		22070-143	12800-134	1706-126	14125-315
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$1,900,000	\$858,000	\$550,000	\$350,001
Analysis Price		\$1,900,000	\$858,000	\$550,000	\$350,001
\$/Hole		\$105,556	\$47,667	\$61,111	\$19,445

CONTINUED

SALES LOCATION MAP



COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	\$/SF
SUBJECT	-	The Hermitage Club	77 Spyglass Lane, Wilmington, VT			
No. 1	58.4 Miles	Southwick Country Club	739 College Highway, Southwick, MA	100.0%	2/22/2018	\$106,611
No. 2	169.0 Miles	The Meadows Golf Club	495 Huntington Hill Road, Litchfield, ME	100.0%	12/8/2017	\$48,620
No. 3	46.0 Miles	Milestone Golf Club	2338 Country Route 18, Whitehall, NY	100.0%	9/13/2017	\$62,333
No. 4	240.9 Miles	Rocky Knoll Golf Course	94 River Road, Orrington, ME	100.0%	3/15/2016	\$20,028

CONTINUED

COMPARABLE 1

LOCATION INFORMATION

Name Southwick Country Club
 Address 739 College Highway
 City, State, Zip Code Southwick, MA, 01077
 County Hampden

SALE INFORMATION

Buyer Fiore Realty Holdings, LLC
 Seller Southwick Golf Course, Inc.
 Transaction Date 02/22/2018
 Transaction Status Recorded
 Transaction Price \$1,900,000
 Analysis Price \$1,900,000
 Recording Number 22070-143
 Rights Transferred Fee Simple
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA) 10,469
 Leasable Area (NRA) 10,469
 Number of Buildings 1
 Year Built 1940
 Front Footage Average
 Grade Doers 18
 Quality Average
 Condition Average/Good
 Appeal Average
 Building Structure Wood
 Exterior Wood Siding
 Site Size 122.6 Acres (5,342,198 SF)
 Zoning Commercial
 Shape Irregular
 Topography Flat and Moderate Slope
 Access Good
 Exposure Average
 Site Coverage (SF)/Ratio 0.2%



SOUTHWICK COUNTRY CLUB



ANALYSIS INFORMATION

Price per SF \$105,556
 Adjusted Price per SF \$106,611

CONFIRMATION

Name Richard Fiore
 Company Fiore Realty Holdings, LLC
 Source CoStar

REMARKS

This site is an irregular, interior parcel containing a gross site area of 5,342,198 SF (or 122.64-Acre), and is zoned "Commercial" by the Town of Southwick. The site is improved with a one-building, two-story, wood-constructed, clubhouse and golf course that contains a Gross Building Area (GBA) of 10,469 SF. On February 2, 2018, Fiore Realty Holdings, LLC purchased this 10,469 SF clubhouse and 18-hole golf course from Southwick Golf Course, Inc. for \$1,900,000 (\$105,555/Hole). It was reported that the seller no longer wanted to operate the club and the town had passed on its right of first refusal. The buyer anticipates redeveloping the land into a single-family residential development containing between 65 and 80 homes. There were no approvals or formal redevelopment plan in place at the time of sale. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the buyer.

CONTINUED

BOS180250

COMPARABLE 2

LOCATION INFORMATION

Name The Meadows Golf Club
Address 495 Huntington Hill Road
City, State, Zip Code Litchfield, ME, 04350
County Kennebec
APN 4R-4, 4R-4A

SALE INFORMATION

Buyer Peak Partners, LLC
Seller POF & PDF Realty Trust
Transaction Date 12/8/2017
Transaction Status Recorded
Transaction Price \$858,000
Analysis Price \$858,000
Recording Number 12800-134
Rights Transferred Fee Simple
Financing All Cash
Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA) 2,640
Leasable Area (NRA) 2,640
Number of Buildings 1
Year Built 1997
Front Footage Average
Grade Doors 18
Quality Average
Condition Average
Appeal Average
Building Structure Wood
Exterior Wood Siding
Site Size 112.0 Acres (4,878,720 SF)
Zoning Commercial
Shape Irregular
Topography Flat to slope
Access Average/Good
Exposure Average
Site Coverage (SF)/Ratio 0.1%



THE MEADOWS GOLF CLUB



ANALYSIS INFORMATION

Price per SF \$47,667
Adjusted Price per SF \$48,620

CONFIRMATION

Name Randall Anderson
Company Peak Partners, LLC
Source CoStar

REMARKS

This site is an irregular, interior parcel containing a gross site area of 4,878,720 SF (or 112-Acre), and is zoned "Commercial" by the Town of Litchfield. The site is improved with a one-building, one-story, wood-constructed, clubhouse and golf course that contains a Gross Building Area (GBA) of 2,640 SF. On December 8, 2017, Peak Partners, LLC purchased this 2,640 SF clubhouse and 18 hole golf course from POF & PDF Realty Trust for \$858,000 (\$47,694/Hole). The buyers had been frequenting the club for several years and were seeking an investment property consistent with their passions. The buyer's reportedly were planning to upgrade the club's on-site pub and increase the number of tournaments through additional sponsorships and course improvements. The sellers were looking to retire and no longer wanted to operate the club. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the buyer.

CONTINUED

COMPARABLE 3

LOCATION INFORMATION

Name Milestone Golf Club
Address 2338 Country Route 18
City, State, Zip Code Whitehall, NY, 12887
County Washington

SALE INFORMATION

Buyer Brad Mitchell & Ali Serrani
Seller Bruce Jones
Transaction Date 09/13/2017
Transaction Status Recorded
Transaction Price \$550,000
Analysis Price \$550,000
Recording Number 1706-126
Rights Transferred Fee Simple
Financing All Cash
Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA) 3,000
Leasable Area (NRA) 3,000
Number of Buildings 1
Year Built 2006
Front Footage Average
Grade Doors 9
Quality Average
Condition Fair/Average
Appeal Average
Building Structure Wood
Exterior Wood Siding
Site Size 60.0 Acres (2,613,600 SF)
Zoning Commercial
Shape Irregular
Topography Flat to slope
Access Fair/Average
Exposure Average
Site Coverage (SF)/Ratio 0.1%



MILESTONE GOLF CLUB



ANALYSIS INFORMATION

Price per SF \$61,111
Adjusted Price per SF \$62,333

CONFIRMATION

Name Brad Mitchell
Company Milestone Golf Club
Source CoStar

REMARKS

This site is an irregular, interior parcel containing a gross site area of 2,613,600 SF (or 60-Acre), and is zoned "Commercial" by the Town of Whitehall. The site is improved with a one-building, one-story, wood-constructed, clubhouse and golf course that contains a Gross Building Area (GBA) of 3,000 SF. On September 9, 2017, Brad Mitchell purchased this 3,000 SF clubhouse and nine hole golf course from Bruce Jones for \$550,000 (\$61,111/Hole). The buyers plan to add a few amenities and more clubhouse offerings as part of the new operation. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the buyer.

CONTINUED

COMPARABLE 4

LOCATION INFORMATION

Name Rocky Knoll Golf Course
 Address 94 River Road
 City, State, Zip Code Orrington, ME, 04474
 County Penobscot

SALE INFORMATION

Buyer Gizmo Morgan, LLC
 Seller Rocky Knoll Services
 Transaction Date 03/15/2016
 Transaction Status Recorded
 Transaction Price \$350,001
 Analysis Price \$350,001
 Recording Number 14125-315
 Rights Transferred Fee Simple
 Financing All Cash
 Conditions of Sale Arms-Length

PHYSICAL INFORMATION

Gross Building Area (GBA) 2,496
 Leasable Area (NRA) 2,496
 Number of Buildings 1
 Year Built 2000
 Front Footage Average
 Grade Doors 18
 Quality Average
 Condition Fair/Average
 Appeal Average
 Building Structure Wood
 Exterior Wood Siding
 Site Size 156.8 Acres (6,831,515 SF)
 Zoning Commercial
 Shape Irregular
 Topography Flat to slope
 Access Average/Good
 Exposure Average
 Site Coverage (SF)/Ratio 0.0%



ROCKY KNOLL GOLF COURSE



ANALYSIS INFORMATION

Price per SF \$19,445
 Adjusted Price per SF \$20,028

CONFIRMATION

Name Erlene Morgan
 Company Rocky Knoll Golf Course
 Source CoStar

REMARKS

This site is an irregular, interior parcel containing a gross site area of 6,831,515 SF (or 156.83-Acre), and is zoned "Commercial" by the Town of Orrington. The site is improved with a one-building, one-story, wood-constructed, clubhouse and golf course that contains a Gross Building Area (GBA) of 2,496 SF. On March 15, 2016, Erlene Morgan purchased this 2,496 SF clubhouse and 18 hole golf course from Rocky Knoll Services for \$350,001 (\$19,444/Hole). The buyer acquired this club from a foreclosure auction. The operation required capital improvements to the clubhouse and grounds, as well as more marketing. This comparable was sourced from CoStar Comps, was verified with public records (including Assessment and Recorder of Deed Information) and published sources, and confirmed with the buyer.

CONTINUED

BOS180250

GOLF COURSE SALES ADJUSTMENT TABLE					
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	The Hermitage Golf Club	Southw ick Country Club	The Meadow s Golf Club	Milestone Golf Club	Rocky Knoll Golf Course
Address	70 Spyglass Lane	739 College Highway	495 Huntington Hill Road	2338 Country Route 18	94 River Road
City, State	Wilmington, VT	Southw ick, MA	Litchfield , ME	Whitehall, NY	Orrington , ME
Zip	05363	01077	04350	12887	04474
GBA	7,000	10,469	2,640	3,000	2,496
NRA (\$F)	7,000	10,469	2,640	3,000	2,496
Land Area (AC)	143.4	122.6	112.0	60.0	156.8
Land Area (\$F)	6,246,940	5,342,198	4,878,720	2,613,600	6,831,515
Location	Average	Average/Good	Average	Average/Good	Fair/Average
Quality	Average	Average	Average	Average	Average
Condition	Good/Excellent	Average/Good	Average	Fair/Average	Fair/Average
Exposure	Average	Average	Average	Average	Average
Access	Average	Good	Average/Good	Fair/Average	Average/Good
Year Built	1980	1940	1997	2006	2000
No. Of Holes	18	18	18	9	18
SALE INFORMATION					
Date		2/22/2018	12/8/2017	9/13/2017	3/15/2016
Status		Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		\$1,900,000	\$858,000	\$550,000	\$350,001
\$/Hole		\$105,556	\$47,667	\$61,111	\$19,445
TRANSACTIONAL ADJUSTMENTS					
Property Rights		0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%
Financing		0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%
Market Conditions ¹		1%	2%	2%	3%
Subtotal Transactional Adj Price		\$106,611	\$48,620	\$62,333	\$20,028
PROPERTY ADJUSTMENTS					
Location		Sl. Superior	Similar	Sl. Superior	Inferior
Size		Similar	Similar	Similar	Similar
Quality		Similar	Similar	Similar	Similar
Condition		Similar	Sl. Inferior	Inferior	Inferior
Exposure		Similar	Similar	Similar	Similar
Access		Superior	Sl. Superior	Sl. Inferior	Sl. Superior
No. Of Holes		Similar	Similar	Sl. Inferior	Similar
TOTAL ADJUSTED PRICE		\$106,611	\$48,620	\$62,333	\$20,028
STATISTICS	UNADJUSTED	ADJUSTED			
LOW	\$19,445	\$20,028			
HIGH	\$105,556	\$106,611			
MEDIAN	\$54,389	\$55,477			
AVERAGE	\$58,444	\$59,398			

¹ Market Conditions Adjustment: 1%

Date of Value (for adjustment calculations): 6/27/19

SALES COMPARISON APPROACH CONCLUSION

The comparable sales indicate an adjusted value range from \$20,028 to \$106,611/Hole, with a median of \$55,477/Hole and an average of \$59,398/Hole. Based on the results of the preceding analysis, Comparable 1 (\$106,611/Hole adjusted), Comparable 2 (\$48,620/Hole adjusted), and Comparable 3 (\$62,333/Hole adjusted) are given primary consideration for the subject's opinion of value. In consideration of the primary comparables more narrow adjusted set average is \$72,521/Hole.

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

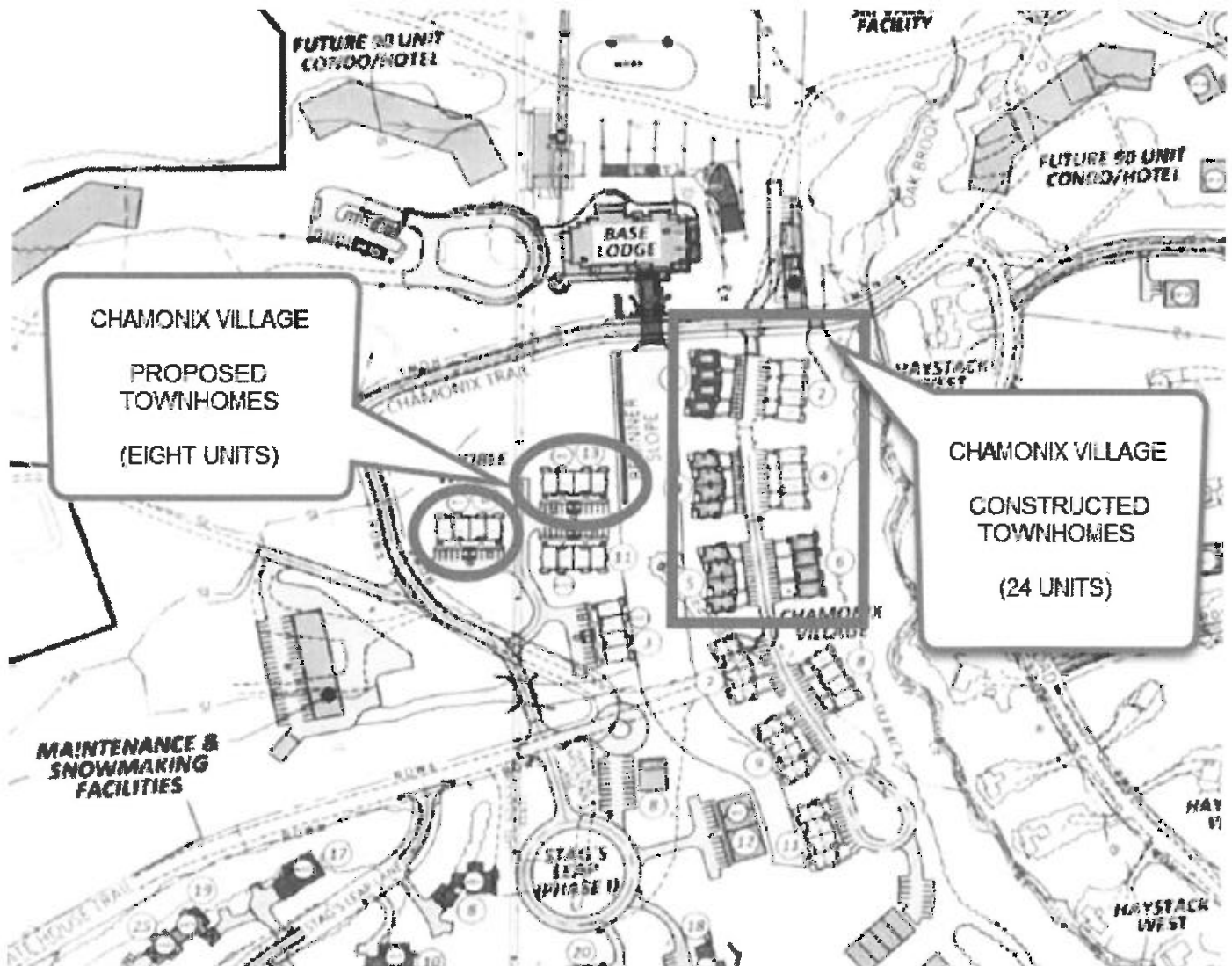
SALES COMPARISON APPROACH CONCLUSION (PER HOLE)					
COMP	ANALYSIS PRICE	TRANSACTIONAL ¹	ADJUSTED	NOTES	OVERALL COMPARISON
1	\$105,556	1%	\$106,611	Overall, this comparable warrants downward adjustment.	PRIMARY
2	\$47,667	2%	\$48,620	Overall, this comparable warrants upward adjustment.	PRIMARY
3	\$61,111	2%	\$62,333	Overall, this comparable warrants upward adjustment.	PRIMARY
4	\$19,445	3%	\$20,028	Overall, this comparable warrants significant upward adjustment.	SECONDARY
LOW	\$20,028			AVERAGE	\$59,398
HIGH	\$106,611			MEDIAN	\$55,477
		NO. OF HOLES	\$ / HOLE CONCLUSION		VALUE
INDICATED VALUE		18.00	x	\$72,500/Hole =	\$1,310,000
¹ Cumulative				Rounded to nearest \$10,000	

CHAMONIX VILLAGE ENTITLEMENTS

Situated east of the Base Lodge is the Chamonix Village townhome development. As of the date of our inspection there were six buildings constructed, containing four units each totaling 24 total townhome units. These buildings, along with the remaining eight entitled units were part of a preliminary exception to The Hermitage Club's master plan application. Any further development beyond the remaining eight units will require full Act 250 approval, as well as the other local and state permits.

As of the date of our inspection:

- › All the completed units have been sold and we were not granted access to tour these units.
- › The foundation for 13 Grenoble Way (four units) has been poured.
- › No excavation for 8 Grenoble Way (four units) has started.



CHAMONIX VILLAGE EXISTING & APPROVED UNITS

Due to the current financial issues and uncertainty around the reopening of the club no further work is anticipated to be completed for several years. Based on our discussions with local market participants, and our projections of the subject's membership growth we are of the opinion that the remaining eight townhome units will resume construction in Q3 2021, with sell out of these units completed prior to the 2023 ski season (June 30, 2023).

CONTINUED

The reported construction costs for the remaining units were estimated to be \$7,200,000 or \$900,000/unit. This conclusion provided by the owner has been utilized in our valuation analysis.

SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per unit and/or square foot of living area, as each reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale for the subject on an as-complete basis. Overall, the sales selected represent the best comparables available for this analysis.

As previously discussed, the subject's market has seen several deliveries of new ground-up or renovated condominium projects in recent months. The sales presented reflect the most recent transactions, from East Boston for new construction or newly renovated one and two-bedroom condominium units.

Presentation

The following sale table display the most recent and appropriate comparables for the subject's residential units.

CHAMONIX VILLAGE TOWNHOME SALES					
ADDRESS	UNIT	SIZE	SALE DATE	SALE PRICE	\$/SF
3 GARMISCH CT	303	3,400	May-18	\$975,000	\$287
2 GARMISCH CT	202	3,400	Mar-18	\$995,000	\$293
5 GARMISCH CT	501	3,400	May-17	\$1,093,155	\$322
3 GARMISCH CT	304	3,400	May-17	\$1,173,425	\$345
6 GARMISCH CT	603	3,400	Mar-17	\$975,100	\$287
5 GARMISCH CT	502	3,400	Mar-17	\$1,100,000	\$324
6 GARMISCH CT	602	3,400	Jan-17	\$972,332	\$286
6 GARMISCH CT	601	3,400	Dec-16	\$1,352,685	\$398
5 GARMISCH CT	504	3,400	Oct-16	\$1,021,253	\$300
4 GARMISCH CT	403	3,400	Jun-16	\$884,000	\$260
AVERAGE				\$1,054,195	\$310

The preceding sales represent the most recent transactions within the existing Chamonix Village townhomes. These sales reflect a mix of first generation and resales, with the first-generation sales having traded a lower price including the two most recent sales (2018) which had been under contract for extended periods. The overall average exhibited equates to approximately \$310/SF.

In consideration of the mix of first-generation sales, which were put under contract prior to the club's initial ramp up and the higher second-generation sales we have concluded to a price per square foot that is above the average indication. Based on the prices paid for second-generation sales (all \$320/SF and higher) we believe that \$325/SF is market supported.

SALES COMPARISON RECONCILIATION

The following table summarizes our previous indicator of value for the residential units, the sale price per unit, and total retail sale price for the eight condominium units.

CHAMONIX UNIT PRICING CONCLUSION					
	SIZE(SF)	\$/SF	SALE PRICE/UNIT	NO. OF UNITS	AGGREGATE RETAIL SELL OUT
Townhome Units	3,400	\$325	\$1,105,000	8	\$8,840,000

These figures will be utilized in the DCF bulk discount model which follows in the Income Approach. The aggregate retail sales price equates to \$8,840,000, which incorporates sales price growth (discussed in the following pages) leading into the first month of the sellout model and every three months thereafter. However, this figure is not properly identified as a "value" because there is no reasonable expectation of an immediate, simultaneous acquisition of all of the condominium units by end-buyers (owner-users).

DEEDED ADMISSION RIGHTS (DAR)

Deeded admission rights were discussed previously in the club operations section. These rights are purchased concurrently with the real estate at the subject to ensure a membership right can be transferred to the next buyer of the real estate. The cost for the Chamonix Village development has been \$30,000 since inception, which we have utilized in our analysis. We have modeled the sale of a DAR into our discounted cash flow analysis to reflect that these costs are more oriented to a real estate purchase.

DISCOUNTED CASH FLOW ANALYSIS

The Discounted Cash Flow analysis is utilized to make a series of deductions from the gross sellout (retail unit price times number of units) to account for profit and holding costs involved when unit sales occur over an extended absorption period. Inherent within the process is the premise that as the anticipated absorption period is extended, the differential between the gross sellout and retail market value of the project increases. Conversely, when the anticipated absorption period is shortened, then the differential between gross sellout and retail market value decreases.

Analyzing the subject's projected income stream to be derived from the sale of condominium units to a value over a projected or absorption period requires the use of a discount rate. The discount rate reflects the cost of money on a risk position both for borrowed funds and for equity funds. It is also necessary to account for expenses occurred over the absorption period including sales and overhead expenses and real estate taxes, as well as accounting for entrepreneurial profit.

Following is an overview of the steps used in the Discounted Cash Flow Analysis:

- › Estimate unit absorption and average unit sale price. This involves utilizing a reconciled absorption rate and the average lot price as analyzed within the Sales Comparison Approach.
- › Estimate sell-off expenses and remaining construction and/or development costs, if any. Sell-off expenses include real estate taxes, marketing and closing costs, administrative costs and common area assessments. In addition, entrepreneurial profit is commonly deducted for condominium projects in the local marketplace, rather than including the profit within the discount rate.
- › Select an appropriate discount rate from the market to calculate the present value of future cash flows.
- › Reconcile a value indication for the Discounted Cash Flow Analysis.

UNIT PRICING

As discussed in the Sales Comparison Approach, we conclude to an average sale price per finished condominium for Year 1 of the DCF model. This average pricing has been utilized due to our inability to reasonably predict the order in and rate of which the individual units will be sold off based on type, size, etc. Further, predicated upon recent trends in the marketplace, this sale price is grown 1.00% per quarter from the analysis start date (June 27, 2019).

CONTINUED

ABSORPTION

The subject as proposed will contain eight residential condominiums averaging 3,400 SF each. Prior to the complete cease of club operation, the developer projected that these units would be sold in approximately one year, with an anticipated completion date of 2020. As discussed above we have projected a later completion date to provide for a successful reopening of The Hermitage Club and provide a sense of stability to potential buyers.

The following table summarizes the absorption of the most recent sales at Chamonix Village.

CHAMONIX ABSORPTION		
NO. OF UNITS SOLD	MONTHS ANALYZED	UNITS/MONTH
10	24	0.42

As is shown above the most recent sales, occurring over the previous two years reflected 10 units sold. This equates to an absorption rate of 0.42 units per month. As we have projected a longer development completion date, allowing for success club operation prior to units being sold we believe that a more accelerated sales rate is reasonable.

Further, we have considered that the subject developer will commence marketing for the subject's proposed development prior to construction completion. The following table reflects the projected absorption (upon completion) of the proposed development when considering the pre-construction marketing time.

SUBJECT ABSORPTION SCHEDULE			
UNIT TYPE	# OF UNITS	EST. ABSORPTION TIME	UNITS/MONTH
Townhome Units	8	12 Months	0.67
TOTAL	8	12 Months	0.67

ESTIMATED EXPENSES

The following expense commentary is predicated upon our knowledge and our experience regarding residential condominium properties in the marketplace. Our projections are based on a review of the subject's specific information as provided by management and ownership, comparable properties and our professional experience in the market.

Holding Costs

To account for costs incurred by the owner or developer prior to construction starting and completion we have projected a 1% expense of total construction costs (\$72,000). This expense has been accounted for in Year 1 of the discounted sellout model.

Cost of Sales (Marketing and Closing)

In an attempt to determine the appropriate cost of sales, we have made inquiries of various brokers and developers of residential properties in the local market. Our research indicates the typical cost of sales ranges from 5.0% to 7.0% depending upon the responsibility of marketing expenses. For this analysis, we have utilized a 6.0% cost of sales in our economic analysis as a percentage of the transaction price.

Real Estate Taxes

As indicated in the Real Estate Tax Analysis, the current taxes are not reflective of the subject's as proposed condominium development. As the subject's development will not be reassessed until after completion of the project, we have utilized the current taxes in the sellout model. This equates to \$2,083 per unit per month.

Administrative Fee

These charges are inclusive of costs associated with any additional administrative or marketing charges, insurance, legal fees and other miscellaneous charges and holding costs. This expense has been estimated at

\$1,500 per month.

Home Owner's Association Fees

Home owner's association (HOA) fees, are typically project specific and vary based on the amenities and level of service provided. According to the developer the subject as proposed will have amenities which are typical for the market. As this projected is proposed the developer is only required to pay the HOA fee upon completion of the subject development. We have projected a HOA fee of \$550 per unit per month.

Growth Rates

Based on the significant demand exhibited in the market, and the recent strong performance from the local residential market we have projected 1.00% growth rate per quarter from the analysis start date (June 27, 2019).

Entrepreneurial Profit

We have applied a level of entrepreneurial profit to the proceeds to compensate for a profit level of the owner. The risks are considered above average relative to the permitting of the units and the potential delays in the commencement of construction. In this instance, a 7.5% profit level for sell out risk is considered reasonable and customary in this market area.

Discount Rate

The final step in the Discounted Cash Flow analysis is the selection of an appropriate discount rate. The discount rate is estimated by considering trends in interest rates, and national, regional and local surveys in order to estimate an appropriate discount rate (i.e.; yield rate, internal rate of return - IRR) for the subject.

The following table is a developer survey of Condominiums and Co-Ops projects in New England for 2Q 2019, as reported by *RealtyRates*. The Resort & Second Home Garden/Townhouse survey reports actual discount rates for condominium and co-op developments ranging from 14.11% to 22.05%, with an average of 17.35%.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2019*						
New England - Condominiums & Co-Ops						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Primary Residential	12.47%	23.46%	17.38%	10.83%	22.43%	15.82%
Hi-Rise/Urban Townhouse	13.24%	23.46%	17.98%	11.49%	21.26%	16.05%
Garden/Suburban Townhouse	12.47%	22.29%	16.68%	10.83%	20.20%	14.89%
Mixed Use	13.03%	23.37%	17.47%	11.39%	22.43%	16.52%
Resort & Second Home	14.11%	25.50%	18.41%	12.25%	23.10%	16.43%
Hi-Rise	14.25%	25.50%	19.48%	12.38%	23.10%	17.08%
Garden/Townhouse	14.11%	22.05%	17.35%	12.25%	19.98%	15.47%
Commercial/Industrial	10.60%	24.02%	15.96%	9.21%	21.77%	14.26%
Urban Office	11.62%	21.32%	16.14%	10.09%	19.32%	14.41%
Suburban Office	10.60%	21.07%	15.21%	9.23%	19.09%	13.59%
Retail	11.40%	24.02%	17.00%	9.90%	21.77%	15.20%
Industrial	10.60%	21.68%	15.50%	9.21%	19.65%	13.85%

*1st Quarter 2019 Data

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CONTINUED

In our sellout model, the majority of risk is the actual closing of unit sales over a projected sellout period. Upon completion, the subject property will represent a well-located condominium development with good access to area amenities. Condominium units are in high demand, especially those that are newly constructed and very-well located. Given the subject's location, its average access and the size and physical utility of the site, the subject is considered to provide the qualities needed for a successful development.

Based on the current costs of funds of alternative investments, a rate of 17.5% is considered reasonable for the valuation of the subject. The discount rate is applied to the monthly net proceeds to derive the present worth value, and represents the appropriate yield rates for the cost of funds.

Discounted Cash Flow Input Assumptions

The following table summarizes the input assumptions utilized in the Discounted Cash Flow Analysis.

DCF INPUT ASSUMPTIONS		
Date of Value		
Effective Date "As-Is"	June 27, 2019	
Projected Date of Completion	July 1, 2022	
Projected Date of Sellout	June 30, 2023	
Property Overview	No. of Units	Avg. Size
Market Rate Units	8	3,400 SF
<u>Market Rate Units</u>		
Absorption		
Estimated Absorption Time	12 Months	
Average Absorption per Month	0.67 Units per Month	
Pricing and Income	\$/SF	\$/Unit
Unit Pricing	\$325	\$1,105,000
General Expenses		
Construction Costs	\$7,200,000 for Eight Units	
Marketing & Closing	6.0% of Purchase Price	
Real Estate Taxes	\$6,250 per Unit per Quarter	
Condo Fees	\$1,650 per Unit per Quarter	
Insurance	\$1,500 per Quarter	
General/Administrative	\$1,500 per Quarter	
Entrepreneurial Profit	7.5%	
Growth Rate	1.00%	
Discount Rate	17.5%	

As previously discussed, although we have considered the marketing time in our absorption projection, the Bulk Sale Value DCF presented represents the analysis as-is (June 27, 2019). Based on the projected absorption described above, the subject's units are anticipated to be 100% sold out by June 30, 2023. This is 12 months from date of completion (July 1, 2022).

BULK SALE VALUE DISCOUNTED CASH FLOW ANALYSIS

PHASE OF DEVELOPMENT YEAR QUARTER QUARTER ENDING	CONSTRUCTION PHASE				SELL-OUT PHASE				TOTAL
	1	2	3	4	5	6	7	8	
	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	
ABSORPTION FORECAST									
Market Rate Units									
Remaining Units at Start of Quarter	0.00	0.00	0.00	0.00	8.00	6.00	4.00	2.00	0.00
Units Sold Per Period	0.00	0.00	0.00	0.00	2.00	2.00	2.00	2.00	0.00
Cumulative Unit Sales	0.00	0.00	0.00	0.00	2.00	4.00	6.00	8.00	8.00
REVENUE									
Townhome Units Unit Value	\$1,237,600	\$1,237,600	\$1,237,600	\$1,249,976	\$1,249,976	\$1,249,976	\$1,262,476	\$1,262,476	
Multiplied by Monthly Closed Sales	0.00	0.00	0.00	0.00	2.00	2.00	2.00	2.00	
Total Sales Income	\$0	\$0	\$0	\$0	\$2,499,952	\$2,499,952	\$2,524,952	\$2,524,952	\$10,049,807
Add: Deeded Admission Right (DAR)	\$0	\$0	\$0	\$0	\$60,000	\$60,000	\$60,000	\$60,000	\$240,000
TOTAL REVENUE	\$0	\$0	\$0	\$0	\$2,559,952	\$2,559,952	\$2,584,952	\$2,584,952	\$10,289,807
HOLDING/SELL-OUT COSTS									
Construction costs	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	\$0	\$0	\$0	\$0	(\$7,200,000)
Holding Costs	(\$72,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$72,000)
Entrepreneurial Profit	\$0	\$0	\$0	\$0	(\$191,996)	(\$191,996)	(\$193,871)	(\$193,871)	(\$771,736)
Sales and Marketing	\$0	\$0	\$0	\$0	(\$153,597)	(\$153,597)	(\$155,097)	(\$155,097)	(\$617,388)
Real Estate Taxes	\$0	\$0	\$0	\$0	(\$50,000)	(\$37,500)	(\$25,000)	(\$12,500)	(\$125,000)
Condo Fees	\$0	\$0	\$0	\$0	(\$13,200)	(\$9,900)	(\$6,600)	(\$3,300)	(\$33,000)
Insurance	\$0	\$0	\$0	\$0	(\$1,680)	(\$1,697)	(\$1,714)	(\$1,731)	(\$6,821)
Administrative Fees	\$0	\$0	\$0	\$0	(\$1,680)	(\$1,697)	(\$1,714)	(\$1,731)	(\$6,821)
TOTAL EXPENSES	(\$1,872,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	(\$412,154)	(\$396,387)	(\$383,996)	(\$368,230)	(\$8,832,767)
PROJECTED CASH FLOW	(\$1,872,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	\$2,147,798	\$2,163,565	\$2,200,956	\$2,216,721	\$1,457,040
NPV DISCOUNTED AT:									
	1.46% /Quarter	\$930,000	=	BULK DISCOUNTED VALUE					

INTRODUCTION

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Understanding the profiles of potential buyers and their typical reliance on each approach to value strongly influences the weighting process.

Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile of the subject asset, the Land Valuation and Cost Approach warranted sole emphasis in valuing the subject's Base Lodge. The Land Valuation analysis was presented for the remaining undeveloped sites of the subject. The Sales Comparison Approach was presented in valuing the subject's lodging and golf course assets. The Discounted Sellout Analysis was presented in valuing the subject's proposed townhome units at Chamonix Village.

PRESENTATION OF VALUE CONCLUSIONS

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The purpose of this appraisal is to develop an various opinion of value for the subject assets, which are summarized below:

1. As-is market value of the base lodge, ski parcel, undeveloped land, remaining eight entitled units of Chamonix Village, The Hermitage Inn, Snow Goose Inn, Doveberry Inn, Horizon Inn, and The Hermitage Golf Club.
2. Leasehold value of the Glebe Land

The following tables summarize our final opinions of value for the individual assets comprised within the subject.

RECONCILIATION OF VALUE CONCLUSIONS													
HERMITAGE ASSET	BASE LODGE	THE HERMITAGE INN	SNOW GOOSE INN	DOVEBERRY INN	HORIZON INN	GOLF CLUB	CHAMONIX VILLAGE PROPOSED UNITS	THE HERMITAGE CLUB SKI AREA	THE HERMITAGE INN EXCESS LAND	SUMMIT MEADOWS	HIGH COUNTRY LAND	FAWN RIDGE	GLEBE LAND (LEASEHOLD)
VALUATION INDICES	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	LEASEHOLD
DATE OF VALUE	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019	JUNE 27, 2019
Land Value	-	-	-	-	-	-	-	\$3,041,000	\$610,000	\$90,000	\$1,147,000	\$140,000	\$670,000
Cost Approach	\$13,100,000	-	-	-	-	-	-	-	-	-	-	-	-
Sales Comparison Approach	-	\$830,000	\$680,000	\$380,000	\$560,000	\$1,310,000	\$930,000	-	-	-	-	-	-
Income Approach	-	-	-	-	-	-	-	-	-	-	-	-	-
Weighted Value Conclusion	\$13,100,000	\$830,000	\$680,000	\$380,000	\$560,000	\$1,310,000	\$930,000	\$3,960,000	\$910,000	\$90,000	\$130,000	\$140,000	\$630,000
Value at Completion	\$10.1 SF	\$80.8 SF/Unit	\$50.2 SF/Unit	\$31.6 SF/Unit	\$50.8 SF/Unit	\$72.7 SF/Unit	\$118.2 SF/Unit	\$7.5 SF/Unit	\$5.0 SF/Unit	\$8.1 SF/Unit	\$8.0 SF/Unit	\$8.5 SF/Unit	\$2.0 SF/Unit
Exposure Time	18 to 24 Months	-	-	-	-	-	-	-	-	-	-	-	-
Marketing Period	18 to 24 Months	-	-	-	-	-	-	-	-	-	-	-	-
OTHER CONCLUSIONS													
Liquidity Value	\$5,246,000	\$337,000	\$274,000	\$152,000	\$214,000	\$524,000	\$372,000	\$1,084,000	\$264,000	\$10,000	\$10,000	\$88,000	\$357,000
HERMITAGE CLUB ASSET	VALUE TYPE		INTEREST APPRAISED		DATE OF VALUE		VALUE						
Base Lodge	As-Is		Fee Simple		June 27, 2019		\$13,100,000						
The Hermitage Inn	As-Is		Fee Simple		June 27, 2019		\$830,000						
Snow Goose Inn	As-Is		Fee Simple		June 27, 2019		\$680,000						
Doveberry Inn	As-Is		Fee Simple		June 27, 2019		\$380,000						
Horizon Inn	As-Is		Fee Simple		June 27, 2019		\$560,000						
Golf Club	As-Is		Fee Simple		June 27, 2019		\$1,310,000						
Chamonix Village Proposed Units	As-Is		Fee Simple		June 27, 2019		\$930,000						
The Hermitage Club Ski Area	As-Is		Fee Simple		June 27, 2019		\$3,960,000						
The Hermitage Inn Excess Land	As-Is		Fee Simple		June 27, 2019		\$910,000						
Summit Meadows	As-Is		Fee Simple		June 27, 2019		\$90,000						
High Country Land	As-Is		Fee Simple		June 27, 2019		\$130,000						
Fawn Ridge	As-Is		Fee Simple		June 27, 2019		\$140,000						
Glebe Land (Leasehold)	As-Is		Leasehold		June 27, 2019		\$630,000						

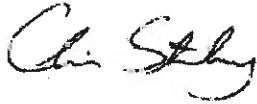
We certify that, to the best of our knowledge and belief:

- › The statements of fact contained in this report are true and correct.
- › The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- › Chris Stickney, MAI has provided real property valuation services as an appraiser for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Corey Gustafson, MAI has provided real property valuation services as an appraiser for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- › The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- › Corey Gustafson, MAI did not inspect the property that is the subject of this report. Chris Stickney, MAI inspected the property that is the subject of this report.
- › No one provided significant real property appraisal assistance to the appraisers signing the certification.

CONTINUED

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Corey Gustafson, MAI and Chris Stickney, MAI completed the continuing education program for Designated Members of the Appraisal Institute.



July 11, 2019

Date

Chris Stickney, MAI
Valuation Services Director
Certified General Real Estate Appraiser
State of Vermont License #080.0127829
+1 617 330 8171
chris.stickney@colliers.com



July 11, 2019

Date

Corey Gustafson, MAI
Managing Director
Certified General Real Estate Appraiser
State of Vermont License #080.0114172
+1 617 330 8070
corey.gustafson@colliers.com

This appraisal is subject to the following assumptions and limiting conditions:

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property

damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Liquidation Value
Engagement Letter
Subject Exhibits
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

LIQUIDATION VALUE

At the request of the client, a 60-day liquidation value is estimated for the subject.

Liquidation value as defined in The Dictionary of Real Estate Appraisal, Fifth Edition:

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer and seller is each acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing

The marketing time was concluded in the appraisal to be 18 to 24 Months. The subject will have to be discounted to sell within the reduced 60-day time frame. Liquidation discounts range from 10 to 40%; however, given the unique characteristics and the extremely limited liquidation time-frame higher discounts are likely appropriate. Given the below average marketability of the subject property, a discount between 50% and 70% for the subject property, or 60% will be applied to the previously concluded As-Is Market Value in order to estimate the disposition value.

A 60% discount is estimated as shown in the following table:

60 DAY LIQUIDATION VALUE			
INDIVIDUAL ASSETS - AS-IS MARKET VALUE	VALUE	DISCOUNT	LIQUIDATION VALUE
Base Lodge	\$13,100,000	60%	\$5,240,000
The Hermitage Inn	\$830,000	60%	\$332,000
Snow Goose Inn	\$680,000	60%	\$272,000
Doveberry Inn	\$380,000	60%	\$152,000
Horizon Inn	\$560,000	60%	\$224,000
Golf Club	\$1,310,000	60%	\$524,000
Chamonix Village Proposed Units	\$930,000	60%	\$372,000
The Hermitage Club Ski Area	\$3,960,000	60%	\$1,584,000
The Hermitage Inn Excess Land	\$910,000	60%	\$364,000
Summit Meadows	\$90,000	60%	\$36,000
High Country Land	\$130,000	60%	\$52,000
Fawn Ridge	\$140,000	60%	\$56,000
Glebe Land (Leasehold)	\$630,000	60%	\$252,000
TOTAL LIQUIDATION VALUE			\$9,500,000



Date: 6/12/2019

Appraisal Order #: 19-000238-01

Corey Gustafson
Colliers International
160 Federal Street, 11th Floor
Boston, MA 02110

Dear Corey Gustafson,

This letter will serve as Berkshire Bank's engagement of your services with regard to the following property. The specifics of the engagement including the agreed upon fee and delivery date are listed below. The reports must be addressed and sent to the client at the address shown below. In addition, an electronic copy of the report MUST be uploaded onto the <http://www.rimscentral.com> website. Please reference on the invoice your Tax ID #, the RIMS Project #, and a Property Reference. Any questions pertaining to this assignment should be addressed with the Berkshire Bank contact.

SEND REPORTS & INVOICE TO:

0 Hard Copies of Report
Christopher Haddock
Berkshire Bank
381 West Main Street
West Winfield, NY 13491

Address Final Reports to:

Christopher Haddock
Berkshire Bank
381 West Main Street
West Winfield, NY 13491

Fee: PER BID AWARD

Due Date: 7/5/2019

Property Location:
Property Type:
Intended Use

10 Gatehouse Trail, Wilmington, VT 05363
Sport/Entertainment - Ski Resort
Use - Foreclosure
Description: The intended use of this appraisal is to establish marketability and potential loan and asset recovery thresholds

Intended User

User - Berkshire Bank
Description: The intended users of this report is Berkshire Bank and-or affiliates

Approaches to Value

Approach - ALL
Description: All applicable approaches

Report Type:
Format:
Appraisal Premise:

Appraisal Report - Comprehensive
Narrative
Market Value - As-Is - Most Appropriate
Liquidation Value - Forced Liquidation Value - Most Appropriate

Property Contact:
Phone:

Alan Tantleff
212-499-3613

Berkshire Bank Job Manager:
Phone:

Christopher Haddock
315-412-5023



Email: chaddock@berkshirebank.com

Subject to the receipt of your acceptance of this engagement by executing the acknowledgement below, we hereby, engage you under the following terms and conditions:

1. Your appraisal (report) must be a narrative report in accordance with USPAP and regulatory requirements. The report must give a market value for the property in accordance with the definition of market value set forth and required by federal regulations. Note that the report may also discuss prospective values if this is appropriate.
2. If the appraisal involves an income producing property, the bank will want a discounted cash flow analysis performed, if deemed appropriate.
3. Notwithstanding anything to the contrary herein, the minimum standards required should not be construed as limiting the conditions of the report. You are to be guided by any additional standards that you deem to be appropriate.
4. If any information necessary for adequate completion of the appraisal is unavailable, a full disclosure and explanation should be provided.
5. Your report should include a copy of the legal description and a copy of this letter as addendums.
6. The report should have an effective date within 10 days after the date of your acknowledgement below.

Should you experience any delays in the performance of this appraisal, please notify us in writing via email no less than seven days prior to the due date.

If your report is not completed and a **PDF and one hard** copy delivered to the bank on or before the date specified, the bank reserves the right, in its sole discretion to cancel this engagement without any further obligation to you, whether monetary or otherwise.

Any modifications to this letter must be in writing and executed by both parties hereto.

Market Value Definition

"Market Value" is defined by the United States Treasury Department, Comptroller of the Currency 12 CFR part 34, § 34.42 (f) as,

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

FIRREA Appraisal Standards

MINIMUM STANDARDS. For federally related transactions, all appraisals shall, at a minimum:



- (1) Comply with the Uniform Standards of Professional Appraisal Practice ("USPAP");
- (2) Be sufficiently informative to support the institution's lending decision;
- (3) Analyze and report deductions and discounts, when appropriate;
- (4) State a Market Value estimate, as defined by this appraisal regulation;
- (5) Be performed by State licensed or certified appraiser.

The following items should be included in every report:

- Signed copy of engagement letter
- Copy of appropriate state certifications in addenda
- Properly completed invoice

Sincerely,

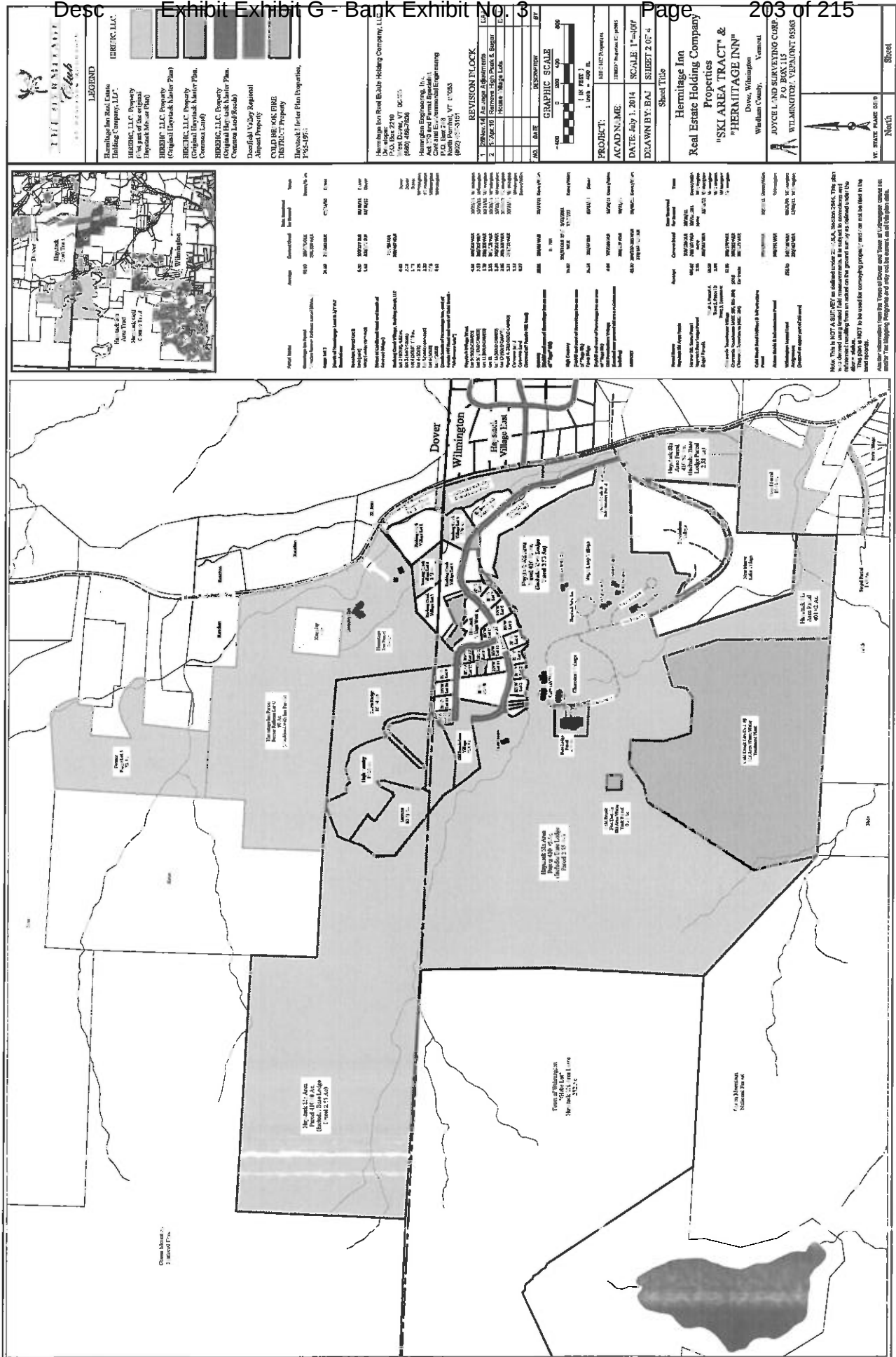
Christopher Haddock

A handwritten signature in black ink, appearing to read "Chris Haddock", is written over a horizontal line.

Accepted:

06.12.2019

Date:



Valuation Glossary

Valuation & Advisory Services



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Suite 4800
Seattle, WA 98101

www.colliers.com

Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (*Dictionary*).

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 (*14th Edition*).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (*Dictionary*)

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. (*14th Edition*)

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. (*Dictionary*)

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. (*Dictionary*)

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (*Dictionary*)

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. (*14th Edition*)

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. (*Dictionary*)

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (*Dictionary*)

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. (*Dictionary*)

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. (*Dictionary*)

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. (*Dictionary*)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (*Dictionary*)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. (*14th Edition*)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (*Dictionary*)

Exposure Time

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (*Dictionary*)

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. (*Dictionary*)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (USPAP)

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Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. (*Dictionary*)

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

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Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for that asset when formulating the price that it would be willing to bid (IVS). (*Dictionary*)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (*USPAP*)

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition*)

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. (*Dictionary*)

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. (*Dictionary*)

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). (*Dictionary*)

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a *grandfathered use*. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). *(14th Edition)*

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Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Interagency Guidelines)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(14th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

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Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. (*Dictionary*)

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. (*Dictionary*)

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. (*14th Edition*)

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. (*Dictionary*)

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (*Dictionary*)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (*Dictionary*)

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. (*Dictionary*)

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. (*Dictionary*)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. (*Dictionary*)

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. (*Dictionary*)

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. (*Dictionary*)

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. (*Dictionary*)

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Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (*Dictionary*)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (*Dictionary*)

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. (*Dictionary*)

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. (*USPAP*)

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. (14th Edition)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary)

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*. (Dictionary)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (Dictionary)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (Dictionary)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary)

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting *each* future benefit at an appropriate *yield rate*, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (Dictionary)



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EDUCATION AND QUALIFICATIONS

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PROFESSIONAL BACKGROUND

Chris Stickney serves as a Valuation Services Director at Colliers International Valuation & Advisory Services' Boston office. Mr. Stickney provides valuation & advisory services throughout the New England region. Prior to joining Colliers in January 2016, he spent two years working for the Boston office of Joseph J. Blake & Associates where he began his career as an appraiser in October 2013.

EXPERIENCE

Mr. Stickney's appraisal experience includes properties of all types and varying levels of complexity from single-tenant office buildings to \$200 million multi-tenant assets. He has gained experience in the valuation of many property types including multifamily, retail, office, and industrial uses. He has appraised self-storage units, parking garages, redevelopment sites, condominium developments, schools, single-family residential homes, land, cross-dock truck terminals, various retail uses, and portfolio valuations.

Mr. Stickney is the Northeast and Mid-Atlantic Regional Representative for the Hospitality and Leisure National Practice Group.

Mr. Stickney has completed appraisal assignments throughout all of New England, Delaware, New Jersey, New York, and Pennsylvania.

PROFESSIONAL AFFILIATIONS AND ACCREDITATIONS

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